WHITMAN & RANSOM

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NEW YORK, N.Y. 10166
212-351-3000

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RESIDENT PARTNERS

DAVID R. SIMON
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633 WEST FIFTH STREET
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1215 17TH STREET, N.W.
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TORANOMON 3-CHOME ANNEX BLDG.
3-7-12 TORANOMON
MINATO-KU, TOKYO 105, JAPAN
81-3-3438-4386

September 17, 1993

RECEIVED
SEP 20 1993
SUPERFUND PROGRAM
MANAGEMENT BRANCH

BY FEDERAL EXPRESS

Marsha A. Adams
5HSM-5J
Responsible Party Search Section
U.S. Environmental Protection Agency
77 West Jackson Boulevard
Chicago, Illinois 60604

Re: Request for Information Pursuant to Section 104(e) of CERCLA for the Stickney Avenue Landfill and the Tyler Street Dump Sites in Toledo, Ohio Dated August 12, 1993

Dear Ms. Adams:

Enclosed is Mulberry Phosphates, Inc.'s ("MPI") response to the Agency's above referenced request for information which was received by MPI on August 19, 1993. A copy of the "Certification of Answers to Request for Information" signed by Scott D. Newman in his capacity as a Vice President of MPI, is also enclosed. We will forward the original to you upon our receipt.

MPI (formerly known as Royster Company) recently emerged from bankruptcy. On April 8, 1991, Royster filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern district of New York. That proceeding was subsequently transferred to the U.S. Bankruptcy Court for the Middle District of Florida. On January 5, 1993, the Bankruptcy Court confirmed the Company's reorganization plan. Accordingly, our position is that any claims against MPI concerning the Stickney Avenue Landfill and the Tyler Street Dump Sites were discharged. Copies of relevant bankruptcy documents are included in MPI's response.

Please contact me if you would like to discuss this matter. If we do not hear from you by November 1, 1993, we will consider the investigation completed and close our files.

Sincerely,

John M. Scagnelli

JMS:lck
Encl.

WHITMAN & RANSOM

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3-7-12 TORANOMON
MINATO-KU, TOKYO 105, JAPAN
81-3-3438-4386

September 21, 1993

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Marsha A. Adams
5HSM-5J
Responsible Party Search Section
U.S. Environmental Protection Agency
77 West Jackson Boulevard
Chicago, Illinois 60604

Re: Request for Information Pursuant to Section 104(e) of CERCLA for the Stickney Avenue Landfill and the Tyler Street Dump Sites in Toledo, Ohio Dated August 12, 1993

Dear Ms. Adams:

Here is the original signature page to the Certification of Answers to Request for Information signed by Scott D. Newman in his capacity as a Vice President of Mulberry Phosphates, Inc.

Sincerely,

Michael J. Caffrey

Michael J. Caffrey

MJC:lck
Encl.

RECEIVED
SEP 23 1993
SUPERFUND PROGRAM
MANAGEMENT BRANCH

CERTIFICATION OF ANSWERS TO REQUEST FOR INFORMATION

STATE OF NEW YORK

COUNTY OF NEW YORK

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document (response to EPA request for information) and all documents submitted herewith, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete and that all documents submitted herewith are complete, and that all documents submitted here with are complete and authentic unless otherwise indicated.

Scott D Newman

Scott D. Newman
Vice President
Mulberry Phosphates Inc.

September 17, 1993
Date

Sworn to before me this
17th day of September, 1993.

Bridget A. Giuca
Notary Public

BRIDGET A. GIUCA
NOTARY PUBLIC, State of New York
No. 41-4633512
Qualified in Queens County
Commission Expires June 30, 19 94

MULBERRY PHOSPHATES, INC.

Response to U.S.E.P.A. August 12, 1993 Request for Information on

Stickney Avenue Landfill Site and
Tyler Street Dump Site,
Toledo, Ohio

Mulberry Phosphates, Inc. ("MPI") (formerly known as Royster Company) is a company which recently emerged from bankruptcy. During the course of MPI's reorganization under Chapter 11 of the U.S. Bankruptcy Code, on or about January 15, 1992, it sold the assets comprising its Farm Marketing Group, including the name "Royster", to a newly formed and unrelated company, Royster-Clark, Inc. The Farm Marketing Group was the owner of an inactive facility located at 4401 Creekside Boulevard, Toledo, Ohio. This property was not conveyed as part of the January 1992 sale of the Farm Marketing Group; instead, on or about October 10, 1991, it was sold during the bankruptcy to Mark S. Gorney and Linn A. Gorney.

1. Information for this response was obtained from MPI's Environmental Manager, Mr. Ivan Nance (813/425-9216). In February and March of 1993, Mr. Nance made inquiries of Mr. Chris Burgess of Royster-Clark (919/823-2120), Mr. Don Talmon of MPI (813/425-1176) and Mr. Dan Konold (419/259-2254) concerning records and disposal activities of the Toledo facility for MPI's response to the U.S.E.P.A.'s 104(e) Request for Information on the Dura Avenue Landfill in Toledo, Ohio.

Mr. Konold is a former employee of MPI and/or its affiliates that worked with the Farm Marketing Group's Midwest Region (which included the Toledo operation). Mr. Konold indicated that because the facility had ceased operating by the time he started working for the Group, he had no substantive knowledge of records from the facility nor how such records, including disposal records, were maintained after the facility was closed.

2. After the sale of the Group to the entity now known as Royster-Clark, Inc., 909 Main Street, P.O. Box 250, Tarboro, North Carolina 27886, representatives of Royster-Clark and MPI reviewed the records of active Farm Marketing Group facilities that were then owned by each company and divided them accordingly. The records from inactive locations such as Toledo, were destroyed. Accordingly, MPI has no records regarding operations at the Toledo facility.

The following documents concern MPI's Chapter 11 reorganization and the sale of the Toledo property to Mr. and Mrs. Gorney:

a) MPI's September 24, 1992 Disclosure Statement (reorganization plan) (Exhibit "A"); and

b) U. S. Bankruptcy Court for the Middle District of Florida's January 5, 1993 Notice of Confirmation of MPI's reorganization plan and February 11, 1993 Order Supplementing Order Confirming Debtor's Plan of Reorganization under 11 U.S.C. § 1129 (Exhibit "B").

3. MPI is unaware of any person with additional information.

4. The EPA identification number for the facility at 4401 Creekside Boulevard, Toledo, Ohio is OHD005046966.

5. This question is objected to on the grounds of relevance and undue burden. Without waiving such objections, however, with respect to the Stickney Avenue Landfill and the Tyler Street Dump Sites, MPI is unaware of any such acts or omissions.

6. MPI has been unable to identify any person with such knowledge or information.

7. MPI is unaware of any person who may have arranged for disposal or treatment or arranged for transportation for disposal or treatment of waste materials, including hazardous substances, at the Site.

(a)-(q) See response to 7.

8. This question is objected to on the grounds of relevance and undue burden. Without waiving such objections, however, with respect to the waste handling practices of MPI's former facility at 4401 Creekside Boulevard, Toledo, Ohio, MPI is unaware of where such wastes were taken and how they were disposed.

CERTIFICATION OF ANSWERS TO REQUEST FOR INFORMATION

STATE OF NEW YORK

COUNTY OF NEW YORK

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document (response to EPA request for information) and all documents submitted herewith, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete and that all documents submitted herewith are complete, and that all documents submitted here with are complete and authentic unless otherwise indicated.

Scott D. Newman

Scott D. Newman
Vice President
Mulberry Phosphates Inc.

September 17, 1993
Date

Sworn to before me this
17th day of September, 1993.

Bridget A. Giuca
Notary Public

BRIDGET A. GIUCA
NOTARY PUBLIC, State of New York
No. 41-4633512
Qualified in Queens County
Commission Expires June 30, 1994

Exhibit A

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA,
TAMPA DIVISION

In re MULBERRY PHOSPHATES, INC., f/k/a or d/b/a ROYSTER COMPANY, Royster, Royster Co., Inc., Royster - a Cedar Holdings Co., Royster Southeast Region, Royster Southeast Regional Office, Royster Southeast Co., Royster Southeast, Royster Southeast Mid-West Group, Royster - St. Louis, Royster - Poneto, Royster - Wauseon, Poneto Warehouse, Royster Carolina, Royster Agri Chemical Co., S&S Farm Services, Inc., Darlington Farm Services, Inc., Royster Midwest, Royster Toledo, RWD Farm Services, Frontier Farm Center, Royster - Madison, Royster - Madison, Inc., Royster Mulberry, Royster Chesapeake, Royster Agricultural Products Company, Royster South Norfolk, Micronel Corporation and Royster Tampa Terminal, Debtor.	Chapter 11 Case No. 91-07012-8P1
In re MID-ATLANTIC FERTILIZER, INC., f/k/a or d/b/a ROYSTER MID-ATLANTIC COMPANY, Royster Mid-Atlantic Regional Office, Royster Mid-Atlantic Region, Royster Mid-Atlantic Group, Royster Mid-Atlantic, Royster Mid-Atlantic Co., Royster Mid-Atlantic Co., Inc., Royster Mid-Atlantic, Wilson, NC Division, Royster Mid-Atlantic New Bern & Pamlico Division, Royster Mid-Atlantic, Lynchburg, VA Division, New Bern Oil Mill, Royster-New Bern Inc., Royster-Pamlico Company, Inc., Pamlico Chemical Co., Pamlico Chemical Inc., New Bern Oil & Fertilizer Co., Grifton Fertilizer & Supply Co., F.S. Royster Mercantile, F.S. Royster Mercantile Co., F.S. Royster Mercantile Co., Inc., Royster Mercantile, Royster-Wilson, Superior AG Products, Inc., Royster AG Chemical Co., Northeastern Agri Supply Inc., Northeastern Farm Services, Royster-Lynchburg, Royster of Lynchburg, Inc., Royster of Lynchburg, Crystal Hill Farm Supply and Axton Farm Services, Debtor.	Chapter 11 Case No. 91-07013-8P1
In re PENNSYLVANIA FERTILIZER, INC., f/k/a or d/b/a R/K AGRI SERVICE INC., f/k/a or d/b/a Royster/Kirby, R/K Lancaster, Royster Lancaster, Royster Northeast, Master Farmer, Organic Plant Food, Cramer Fertilizer, R/K AG Warehousing, R/K Upper Marlboro, R/K Richland and R/K Lyons, Debtor.	Chapter 11 Case No. 91-07014-8P1 (Jointly Administered)

DISCLOSURE STATEMENT
OF
MULBERRY PHOSPHATES, INC., f/k/a ROYSTER
COMPANY, MID-ATLANTIC FERTILIZER, INC.,
f/k/a ROYSTER MID-ATLANTIC COMPANY, AND PENNSYLVANIA
FERTILIZER, INC., f/k/a R/K AGRI SERVICE, INC.,
PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE

IMPORTANT!

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE DEBTORS' PLAN OF REORGANIZATION. PLEASE READ THIS DOCUMENT WITH CARE.

FULBRIGHT & JAWORSKI
Attorneys for the Debtors and
Debtors in Possession
666 Fifth Avenue
New York, New York 10103
(212) 318-3000

STEARNS WEAVER MILLER WEISSLER
ALHADEFF & SITTERSON, P.A.
Florida Counsel for the Debtors and
Debtors in Possession
Suite 3300
One Tampa City Center
Tampa, Florida 33602
(813) 223-4800

New York, New York
September 24, 1992

PREFACE

This Disclosure Statement discusses the plan of reorganization filed by the Debtors in their chapter 11 cases and contains material facts relating to your consideration of the plan.

For the reasons set forth in Section XIV of the Disclosure Statement, the Debtors recommend acceptance of the plan by all parties entitled to vote on the plan. A summary of the treatment of each class under the plan of reorganization appears below in section VI.B, pages 29 through 31.

The Official Creditors' Committee representing unsecured creditors urges unsecured creditors to accept the plan for the reasons set forth in Section XIV of this Disclosure Statement.

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DISCLOSURE STATEMENT

MULBERRY PHOSPHATES, INC., f/k/a ROYSTER COMPANY, MID-ATLANTIC FERTILIZER, INC., f/k/a ROYSTER MID-ATLANTIC COMPANY, AND PENNSYLVANIA FERTILIZER, INC., f/k/a R/K AGRI SERVICE, INC., HAVE PROPOSED THE ATTACHED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE FEDERAL BANKRUPTCY CODE. THE DEBTORS RECOMMEND YOUR ACCEPTANCE OF THE PLAN.

I. INTRODUCTION

This Disclosure Statement contains a description of the debtors and their assets, a summary of the principal events that have transpired in the chapter 11 cases, an explanation of the major features of the Plan, and an analysis of the alternatives available to creditors and security holders. It was approved after notice and a hearing by the Bankruptcy Court and is being distributed by the debtors to their creditors and equity holders who are entitled to vote on the Plan as set forth in Section VII herein. The purpose of the Disclosure Statement is to provide adequate information so that creditors and equity holders may make a reasonably informed judgment before deciding to accept or reject the Plan.

EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT, NO REPRESENTATIONS CONCERNING THE DEBTORS, THEIR ASSETS, THEIR PAST OR FUTURE OPERATIONS, OR THE PLAN ARE AUTHORIZED BY THE DEBTORS.

UNLESS EXPRESSLY NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN INDEPENDENTLY AUDITED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY; HOWEVER, TO THE BEST OF THE DEBTORS' KNOWLEDGE, SUCH INFORMATION WAS CORRECT AT THE TIME OF ITS INCLUSION HEREIN.

II. THE DEBTORS, THEIR BUSINESSES AND PROPERTIES

Mulberry Phosphates, Inc., f/k/a Royster Company ("MPI") was acquired by its current owners on April 30, 1987 from Superfos Investments Limited ("SIL"), a wholly-owned subsidiary of Superfos a/s, a Danish publicly-held company (together with SIL, "Superfos"). MPI is the parent corporation of two wholly-owned subsidiaries, Piney Point Phosphates, Inc., f/k/a Royster Phosphates, Inc. ("PPP"), and Mid-Atlantic Fertilizer, Inc., f/k/a Royster Mid-Atlantic Company ("MAF"). Nationsbank of Virginia, N.A., f/k/a Sovran Bank, N.A., and Virginia National Bank, for itself and as trustee, asserts a lien on all of the issued and outstanding common stock of MAF to secure payment of certain 7½% Pollution Control Revenue Bonds (Royster Project) issued by Polk County Florida due in 1994 in the original aggregate principal amount of $2.5 million.[1] Royster Company also owns 80 percent of the common stock of Pennsylvania Fertilizer, Inc., f/k/a R/K Agri Service, Inc. ("PFI," together with MPI and MAF, the "Debtors"), and 50 percent of the common stock of Commodities-Trading International Corporation ("CTI"). At the date of the commencement of these cases, the Debtors' business operations consisted of three separate business segments. The first business segment is comprised of two facilities, one located near Mulberry, Florida ("Mulberry") and a second owned by PPP and located near Palmetto, Florida ("Piney Point"). Both facilities produce diammonium phosphate ("DAP"). The second business segment was comprised of fertilizer and agrichemical retailers and distributors and two ammoniation facilities (the "Farm Marketing Group"). The third business segment consisted of the operations of the Tampa Facility, as defined below, which was used for the handling, storage and transportation of anhydrous ammonia, one of the raw materials used in making phosphate fertilizers.

A. **Mulberry.** Mulberry is located on approximately 1280 acres owned by MPI near Mulberry, Florida. Mulberry consists of a "contact" sulfuric acid plant, a "wet process" phosphoric acid plant with clarification facilities, a cogeneration facility which produces electric power, storage facilities for both ground and unground phosphate rock,

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1 The proceeds from the bonds were used to finance the acquisition, construction, fabrication and installation of certain pollution control facilities by MPI at its Mulberry, Florida facility.

grinding mills, granulating equipment and storage facilities for finished product. Since 1987, the annual DAP production rate has more than doubled from approximately 316,000 tons to approximately 700,000 tons. This increase was accomplished principally through process changes and equipment upgrades. In the spring of 1987, MPI upgraded certain plant equipment and changed its process for manufacturing phosphoric acid from a hemi-hydrate process to a dihydrate process, which increased both the volume of phosphate rock which could be processed and the recovery rate of the phosphoric acid produced. In February and March of 1988, MPI further increased Mulberry's DAP production rate by replacing and upgrading dry material handling machinery and adding a second waste heat ammonia vaporizer. In addition, MPI added a 30% clarified phosphoric acid tank to the phosphoric acid plant to make more clarified phosphoric acid available for use in the DAP production process. Mulberry has storage facilities for approximately 65,000 tons of DAP.

1. The Co-Gen Facility.

At Mulberry, MPI operates a steam turbine electric power generating system and related facilities (the "Co-Gen Facility") on 6/10 of an acre of land. The Co-Gen Facility is designed to utilize steam produced during the manufacture of sulfuric acid to power a turbogenerator which produces electricity. The Co-Gen Facility has an annual electrical generating capacity of approximately 144,000 megawatt hours ("MWH"). In 1990, the Co-Gen Facility generated approximately 116,000 MWH, of which approximately 104,000 were used by Mulberry to satisfy most of its electrical power requirements and approximately 12,000 MWH were sold to the Florida Power and Light Company ("FP&L"). Since the filing of these chapter 11 cases through April 30, 1992, the Co-Gen Facility has generated approximately 113,769 MWH, of which approximately 108,648 MWH were used by Mulberry to satisfy most of its electrical power requirements and approximately 5,121 MWH were sold to FP&L. See below.

On December 1, 1985, MPI entered into a sale/leaseback of the Co-Gen Facility under an operating lease (the "Co-Gen Lease") with Manufacturers Hanover Commercial Corporation, acting through its agent, C.I.T. Corporation ("CIT"), as lessor, with an initial term of 15 years. The Co-Gen Lease requires MPI to make semi-annual rental payments of $1,549,388.39. MPI has not made the three lease payments due since the chapter 11 petitions were filed on April 8, 1991 ("Filing Date"). Pursuant to an order of the Bankruptcy Court dated June 4, 1992 and Bankruptcy Code § 365(a), MPI assumed the Co-Gen Lease. By agreement between CIT and MPI, MPI agreed to cure all existing non-disputed payment defaults under the Co-Gen Lease, in the approximate amount of $5.3 million[2], including $4,648,165.17 in post-petition lease payments and approximately $606,000 in post-petition property taxes, upon the earlier of (1) December 31, 1992, (2) confirmation of a plan of reorganization or (3) the sale of the Tampa Facility, or August 25, 1992 if the sale is consummated prior to that date. Pursuant to an arrangement approved at a hearing in the Bankruptcy Court on August 21, 1992, MPI will pay the post-petition property taxes, interest on the taxes of approximately $75,000, and $300,000 on account of CIT's attorneys' fees, with the payment of the $4.6 million of post-petition lease payments being postponed at least until early November 1992. If the post-petition lease payments are not made at that time, CIT has reserved its rights and may seek whatever relief it believes appropriate or advisable. The Debtors, likewise, will have reserved their rights in that event. The arrangement provided that CIT would reserve the right to claim interest on the unpaid lease payments. The arrangement was made in contemplation of MPI's acquiring the Co-Gen Facility in connection with confirmation of MPI's plan of reorganization, as discussed below.

The Florida Power & Light ("FP&L") Agreement. MPI sells electricity generated by the Co-Gen Facility to FP&L pursuant to an agreement for the purchase of firm capacity ("Capacity") and energy ("Energy") between MPI and FP&L dated October 9, 1985 (the "FP&L Agreement"). The FP&L Agreement provides that MPI shall sell and FP&L shall purchase electricity generated by MPI in excess of the Mulberry Plant's internal consumption of electricity at prices favorable to the Debtors. The Co-Gen Facility currently produces approximately 1 MW of power in excess of needs of the Mulberry Plant. The initial term of the FP&L Agreement extends to March 31, 2002.

Pursuant to the FP&L Agreement, payments for power purchased from MPI are structured so that MPI will have an incentive to deliver an agreed upon amount of power beginning April 1, 1992 or receive sharply reduced payments from FP&L. The FP&L Agreement further provides that MPI shall designate in writing the specific amount of Capacity between 8 MW and 21 MW that it shall deliver to FP&L beginning on April 1, 1992 (the "Committed Capacity"). MPI has informed FP&L in writing that MPI intends to deliver a Committed Capacity of 8 MW. The FP&L

[2] CIT has asserted that MPI owes additional defaults in the approximate amount of $375,000 for "late charges." MPI has not agreed that such payment is due.

Agreement also provides incentives for MPI to deliver the Committed Capacity on a reliable basis and penalties if MPI fails to deliver the Committed Capacity.

The Post-Petition Agreement with TEC.

Prior to the filing of these cases, MPI planned both to perform under the FP&L Agreement and power the Mulberry Plant with electricity generated by the Co-Gen Facility. MPI intended to invest $5 to $6 million to upgrade the Co-Gen Facility so that MPI could meet its increased energy demands under the FP&L Agreement. While in chapter 11, MPI is unable to arrange the financing needed to upgrade the Co-Gen Facility. Accordingly, by motion dated April 6, 1992, MPI sought authorization (1) to enter into an agreement with Tampa Electric Company ("TEC") for the purchase of electricity by MPI from TEC and the construction by TEC of electric power service facilities (the "Substation") on the site of the Mulberry Plant (the "TEC Agreement"), (2) to assume the FP&L Agreement, and (3) related relief. The April 6 motion was granted by an order of the Bankruptcy Court dated May 29, 1992. The TEC Agreement will enable MPI to purchase sufficient electrical power from TEC to meet the electricity requirements of Mulberry. This arrangement will enable MPI to use electricity generated by the Co-Gen Facility to deliver the Committed Capacity to FP&L until such time as MPI has access to the capital markets enabling it to make significant investments in upgrading the Co-Gen Facility so as to provide all the electricity required by MPI (1) to operate the Mulberry plant and (2) to perform its obligations under the FP&L Agreement.

MPI projects that the purchase of electricity from TEC in connection with the sale of electricity generated by the Co-Gen Facility to FP&L will generate substantial net revenue on a monthly basis beginning October 1992. In 1993, the sale of electricity to FP&L should generate annual net revenue of up to approximately $700,000 in excess of the cost of purchasing electricity from TEC. For the years beyond 1993, the arrangement could result in profits of well over $1 million a year for MPI.

2. The Superfos Claims.

In connection with the execution of the Co-Gen Lease, SIL, the then owner of all the issued and outstanding shares of capital stock of MPI, entered into a pledge and security deposit agreement dated December 1, 1985 with CIT and Manufacturers Hanover Trust Company ("MHT"), as agent for CIT (as amended, the "SIL Deposit Agreement"), pursuant to which SIL established a security deposit account (the "SIL Account") with MHT and granted CIT a security interest in the SIL Account as security for the payment and performance of the obligations of MPI to pay the first 20 payments of basic rent and certain other amounts under the Co-Gen Lease.

On April 6, 1987, SIL sold all the then outstanding capital stock of MPI pursuant to an agreement (the "Acquisition Agreement"), by and among MPI, Superfos and Cedar Holdings, Inc. ("Cedar"). Under the Acquisition Agreement, Cedar acquired from SIL all of the outstanding capital stock of MPI, and in connection therewith, MPI agreed to indemnify, defend and hold Superfos harmless from and against any and all losses arising out of or in connection with, among other things, the occurrence of a default or an event of default under the Co-Gen Lease, including, without limitation, the failure of MPI to perform any of the obligations secured by the SIL Deposit Agreement (the indemnification obligations of MPI to Superfos under the Acquisition Agreement are hereinafter referred to as the "Obligations"). As security for the Obligations, MPI granted to Superfos a security interest in the Tampa Facility.

Pursuant to an agreement dated May 24, 1990 among SIL, CIT and MHT, as pledgee under the SIL Deposit Agreement, (the "LOC Agreement"), SIL agreed to deliver to CIT a letter of credit (the "Superfos LOC") issued by Unibank a/s ("Unibank") in the initial available amount (the "Available Amount") of $15,009,156 in exchange for the release of the collateral then held by MHT pursuant to the SIL Deposit Agreement. The LOC Agreement generally provides that the Available Amount shall be reduced from time to time as rents are paid pursuant to the Co-Gen Lease. The Available Amount as of the Filing Date was approximately $12,958,001. In the event of MPI's default under the Co-Gen Lease, the Superfos LOC Agreement provided that CIT could draw upon the Superfos LOC, in various amounts depending upon the nature of the default, up to an amount not to exceed the Available Amount. In accordance with the LOC Agreement, drawings would not affect MPI's obligations under the Co-Gen Lease. On April 12, 1992, three days after the filing of these chapter 11 cases, CIT drew the Superfos LOC, alleging that the filing of the chapter 11 cases constituted a default under the Co-Gen Lease.

MPI also entered into a pledge and security deposit agreement dated December 1, 1985 with CIT and MHT, as agent for CIT, (the "MPI Deposit Agreement"), pursuant to which MPI established a deposit account (the "MPI

Deposit Account") with MHT and granted CIT a security interest in the MPI Deposit Account as security for the payment and performance of all of its obligations under the Co-Gen Lease. On the filing date, the MPI Deposit Account contained securities (the "T Bills") having a market value of approximately $8.6 million as a guarantee for lease payments covering the last five years of the lease term. As of July 24, 1992, the market value of the MPI Account was approximately $10.5 million. The funds in the MPI Deposit Account are to be released to MPI in the same amount and at the same time as the last ten lease payments are made under the Co-Gen Lease.[3/]

As compensation for Superfos's continuing financial accommodations to MPI, including the maintenance of the SIL Account and certain letters of credit guaranteeing industrial revenue bond indebtedness of the Debtors, the Acquisition Agreement requires MPI to pay Superfos annually 25% of the "pre-tax net income," as defined, attributed to Mulberry through 1991.

On December 29, 1988, Superfos filed a demand for arbitration (the "Superfos Arbitration") seeking a ruling in connection with MPI's calculation of Mulberry's "pre-tax net income." Superfos claims that it is due approximately $600,000 for the period ended December 31, 1987. On May 16, 1990, Superfos amended the demand to seek additional sums of approximately $1,200,000 for fees due for the year ended December 31, 1988. MPI consented to the issuance by the Bankruptcy Court of an order granting Superfos relief from the stay so as to permit the entry of an award by the arbitrators and the confirmation of such award in the Bankruptcy Court. The arbitrators have ruled in favor of Superfos on substantially all material matters in arbitration, resulting in a partial award of approximately $1.8 million for 1987 and 1988. Additional claims of Superfos in the approximate amount of $600,000, plus interest and attorneys' fees, remain pending. MPI believes that the $1.8 million in claims by Superfos, along with any other claims it may have for the additional claims not yet decided by the arbitrators, are general unsecured pre-petition claims in the chapter 11 cases.

B. **The Farm Marketing Group**. Until the closing of the sale of the Farm Marketing Group, which occurred on January 15, 1992, MPI operated as one of its primary business segments a chain of agricultural fertilizer and chemical retailers and distributors and two ammoniation facilities. The chain of retail farm service centers is centered in Florence, South Carolina (hereinafter referred to as "Southeast"). MAF and PFI owned and operated retail farm service centers in conjunction with the Southeast operations. The two ammoniation facilities are located in Madison, Wisconsin ("Madison") and Chesapeake, Virginia ("Chesapeake"). These entities, excluding Chesapeake, operated either as divisions or subsidiaries of MPI and were collectively referred to as the "Farm Marketing Group." Pursuant to an order of the Court dated December 20, 1991, MPI was authorized to sell substantially all of the assets of the Farm Marketing Group to Royster (FMG) Acquisition Corporation ("RAC") for approximately $21.4 million in cash and other consideration as more fully described in Sections IV.F.2., V.A. and V.C., and VI.A.1. below. In addition, MPI has collected through April 30, 1992 approximately $6.0 million which includes Farm Marketing Group accounts receivable (net of the $650,000 collection fee), crop protection chemical rebates and seed returns and prepaid inventory not sold to RAC with the Farm Marketing Group Assets.

3/

In the Debtors' judgment, the T Bills are collateral for the obligations to CIT under the Co-Gen Lease. Should a chapter 11 plan not be confirmed, the chapter 11 cases ultimately would be converted to liquidations under chapter 7 of the Bankruptcy Code. Upon a liquidation, MPI likely will be in default of its obligations under the Co-Gen Lease. Indeed, MPI has not yet cured the payment defaults owing to CIT in connection with the assumption of the Co-Gen Lease. In the event of a default, a trustee may abandon or reject the Co-Gen Lease under Bankruptcy Code § 365(a) and allow CIT to foreclose on the T Bills. Alternatively, CIT would move for a modification of the automatic stay permitting it to foreclose on the T Bills. Ultimately, the Debtors believe that CIT would foreclose its security interest in the T Bills, leaving no equity for the Debtors' estates. Likewise, the Debtors believe there is no "equity" in the Co-Gen Lease. The Debtors' belief is based upon the terms of the lease which require that annual lease payment of approximately $3.1 million be paid even though CIT has retained the proceeds of the Superfos LOC. Superfos apparently believes that in a liquidation a trustee may be able to realize value from either the T Bills or the Co-Gen Lease. As indicated above, the Debtors do not agree, nor does CIT. Superfos has also indicated tht it believes that the LOC proceeds and the pay-over rights are not subject to the liens of the Institutional Lenders, that payment of the lease by MPI or an assignee would free both sources of funds, and that Superfos has the right to purchase the Co-Gen Facility.

In connection with the sale of the Farm Marketing Group assets, the Debtors sold the names "Royster" and "R/K Agri Service." As a result, MPI completed the necessary corporate procedures and filed papers in its state of incorporation, Virginia, to change its corporate name to Mulberry Phosphates, Inc. The name change was approved by the Commonwealth of Virginia, effective March 5, 1992. For the same reasons, Royster Mid-Atlantic Company and R/K Agri Service, Inc. completed the necessary procedures with the states of North Carolina and Pennsylvania, respectively, to change their names to Mid-Atlantic Fertilizer, Inc. and Pennsylvania Fertilizer, Inc., respectively. Approval of the name changes by North Carolina and Pennsylvania became effective on April 16, 1992 and March 31, 1992, respectively.

Overview of the Farm Marketing Group

The Farm Marketing Group ("FMG") is a full service crop operation catering to the farming community. While owned and operated by the Debtors, in addition to ag-chem products, FMG sold seeds, the majority of which were proprietary brands purchased from other companies, as well as lime and, at certain locations, hardware. FMG offered a wide array of specialty services, including soil analysis, seed cleaning and materials application. FMG distributed its products in a 16 state area through 60 retail outlets, 15 wholesale outlets and 36 commission agents.

Principal Products and Services

Fertilizer materials contain one or more of the primary plant nutrients and are used either as ingredients in mixed fertilizers or for direct application to crops. While owned and operated by the Debtors, FMG sold DAP, a principal raw material in fertilizers; nitrogen solutions and urea; and potash, in the form of muriate of potash and sulphate of potash, all of which are supplied to FMG by other companies.

FMG sold a select line of mixed fertilizers under various registered trademarks. FMG's principal trademarks were VIM, ARROW, BONANZA, AND BONANZA CROP SPECIALS, which are used on different grades of dry mixed fertilizers. Each brand contains plant nutrients in various grades and in ratios suitable for crops in different geographical areas. FMG also offered customers prescription-blended fertilizers containing plant nutrients in ratios specifically tailored to meet the needs of particular crops in certain areas. FMG also sold a select line of lawn and garden fertilizers under the Company's GREENTIME trademark. In addition, FMG sold micronutrients, such as zinc, manganese, iron, copper, boron and molybdenum, both individually and in various specialty mixes. These minerals were used by FMG and others to produce premium grades of mixed fertilizers which are purchased by farmers to replenish nutrients removed from the soil as a result of farming various types of crops over time.

Acting as a distributor and agent under semi-exclusive rights granted pursuant to various contracts, FMG sold, on both the wholesale and retail levels, crop protection chemicals, including insecticides, herbicides and fungicides manufactured by third parties. FMG did not manufacture any of the crop protection chemicals it sells. Major suppliers included Monsanto, Ciba-Geigy, Dupont, Dow-Elanco, American Cyanamid, Rhone Poulenc, Mobay, BASF, Valent and FMC.

FMG sold crop protection chemical products wholesale through a chain of independent dealers in its marketing areas where it did not have retail representation (outlets, agents, etc.). A major portion of the business was direct shipment from suppliers with credit exposure coverage furnished by the supplier. FMG sold crop protection chemical products on a retail basis to the captive market generated by its extensive chain of retail outlets and commission agents. Approximately 40% of the grower's purchases were crop protection chemical related.

FMG also sold seeds, the majority of which were proprietary brands purchased from other companies, as well as selling lime and, at certain locations, hardware. Seed was purchased from major manufacturers such as Pioneer Hibred, Ciba-Geigy, and Northrup King. Public varieties of seed were processed through FMG production facilities and were also purchased through local independent producers.

The retail farm service centers also offered related equipment and services required for the application of fertilizers. A typical farm service center included facilities for blending fertilizers, storage of approximately 900 tons of dry bulk blended fertilizer and basic fertilizer materials and a lesser quantity of bagged fertilizers, and storage tanks for one or more liquid products. Equipment at these centers included dry spreaders, applicators for field distribution of liquid fertilizers, dry bulk tenders and nurse tanks for the delivery of liquid products in the field. Services provided by the retail farm service centers also included collection of soil samples for agronomic analysis, consultation as to crop nutrient and crop protection chemical requirements, custom blending and the delivery and field application of the products sold.

A typical wholesale distribution facility included facilities for blending and bagging fertilizers, storage of bulk and bagged mixed fertilizers, along with dry fertilizer materials, crop protection chemicals and seeds, and storage tanks for nitrogen solutions.

FMG sold its nondurable farm supplies to farmers, dealers and fertilizer blenders and distributors. FMG consisted of 60 retail outlets, 15 wholesale outlets and 36 commission agents. Commission agents were paid commissions ranging from 3% to 10% of sales. The majority of FMG's work force was actively involved in sales. From 1988 to the January 15, 1992, no customer of FMG accounted for more than 1% of the Company's consolidated net sales.

Seasonality

Fertilizers are generally applied in the fall and spring. In the fall, depending on weather conditions and fertilizer prices, farmers may apply "pre-planting" fertilizer. This period accounts for approximately 25% of the total fertilizer applied during a fertilizer year. The other 75% of fertilizer is generally consumed in the spring. The timing of the use of fertilizer means that the fertilizer sales to the farmer are seasonal, with the main selling "season" between March and June. The timing of this "season" is largely determined by weather conditions. Excessively wet or dry weather may delay the application of fertilizer.

Accordingly, demand for FMG's products was seasonal, with the period shortly before the spring planting season being the period of highest demand for the consumption of both fertilizers and other farm products. The seasonality of FMG's business resulted in a buildup of inventory and storage requirements during the winter and early spring. A significantly disproportionate share of FMG's sales occurred in the first and second quarter of each year.

C. **The Tampa Facility**. Prior to the closing of the sale of the Tampa Facility, as defined below, which occurred on July 22, 1992, MPI owned and operated an ammonia terminal located in the Port of Tampa, Florida (the "Tampa Terminal"), which has rail, truck and pipeline facilities used to transport anhydrous ammonia. The Tampa Terminal includes a 35,000 metric ton capacity anhydrous ammonia storage terminal (the "Ammonia Tank") set on 17.44 acres of land leased from the Tampa Port Authority pursuant to a ground lease dated August 20, 1976 (as amended, "the TPA Lease"). By order of the Bankruptcy Court dated March 9, 1992, MPI assumed the TPA Lease, and the Debtors cured the payment defaults under the TPA Lease on June 8, 1992.

Through the connected pipeline system (the "Pipeline," together with the Tampa Terminal and related assets the "Tampa Facility"), the Tampa Facility is able to service five phosphate fertilizer plants located in Florida, including Mulberry, by pumping anhydrous ammonia to those plants, where it is combined with phosphoric acid to create diammonium phosphate. The remaining four plants are owned and operated by third parties. With respect to the Pipeline, the Company is a 50% partner in a joint venture which leases the entire capacity of the underground Pipeline that extends from the partners' anhydrous ammonia terminals on Tampa Bay to their phosphate manufacturing facilities pursuant to a lease ("the "Pipeline Lease"). By order of the Bankruptcy Court dated February 24, 1992 MPI assumed the Pipeline Lease, and the Debtors cured the outstanding payment defaults under the Pipeline Lease on June 8, 1992.

The Pipeline is a common carrier and transports ammonia for the partners and others. Each partner is obligated to pay a minimum of $450,000 per year to the owner of the pipeline through 1997. The Company's equity in the income or losses of the joint venture has not been significant in any period reported. The Tampa Facility also is able to service by truck or rail four other plants not connected to the Pipeline, including Piney Point. The remaining three plants are owned and operated by third parties.

On July 22, 1992, the Debtors sold, pursuant to an order of the Bankruptcy Court, the assets comprising the Tampa Facility to CF Industries, Inc. A discussion of the sale is contained at pages 18-20 below.

D. PPP.

Background

PPP, a wholly owned subsidiary of MPI, is a Delaware corporation originally formed in 1988. PPP owns and operates the Piney Point phosphate fertilizer manufacturing facility. PPP acquired the Piney Point facility from Consolidated Minerals, Inc. on July 8, 1988. The Piney Point facility began production of phosphate fertilizers in 1966 and has been in operation since that time until early June, 1992 except for an idle period from 1985 to 1986 when it was shut down due to low DAP prices. At the time of its acquisition in 1988, the Piney Point facility had an annual DAP production capacity of 400,000 tons. PPP's current annual production of DAP is approximately 530,000 tons.

PPP's Net Losses Before Tax for the years ending December 31, 1989, 1990 and 1991 were $6.98 million, $9.8 million, and $7.1 million, respectively. PPP's Cash Losses Before Tax for the years ending December 31, 1989, 1990 and 1991 were $3.08 million, $5.5 million, and $2.4 million, respectively. The losses were offset in part by an additional $3 million in capital contributions made by MPI in November 1990. Given MPI's current financial condition and the fact that it is now the subject of a chapter 11 proceeding, additional capital contributions are not possible and will not be forthcoming.

The purchase price of the Piney Point facility was approximately $27 million, approximately $24.4 million of which was allocated to the purchase of property, plant and equipment and $2.6 million for inventories on hand at the date of closing. The purchase was financed with approximately $8 million in cash, $6 million of which came from MPI, and a bank term loan of $19 million. PPP also established a $5 million revolving line of credit. The bank loans were obtained from NMB and Chase. In addition, PPP issued a $1.5 million subordinated note to MPI with the proceeds being used to pay expenses associated with the acquisition and related financing.

The term and revolving loans (the "Bank Loans") from NMB and Chase are secured by all personal property of PPP, including inventories, accounts receivable and a first mortgage on all property, plant and equipment. The Bank Loans are also collateralized by all of PPP's common stock.

In addition to the above described collateral and security interests, MPI issued a guarantee in favor of NMB and Chase payable in the event of a default of the Bank Loans by PPP (the "PPP Guarantee"). In connection with the PPP Guarantee, MPI unconditionally and irrevocably guaranteed to make prompt and complete payment of any and all of PPP's present and future indebtedness and obligations to NMB and Chase in the event of a PPP default. The indebtedness guaranteed by MPI is subordinated only to MPI's secured bank debt which approximated $32.8 million as of March 31, 1992.

PPP is in default on payments due on both the term loan and revolver. PPP first defaulted on the payment of principal on the term loan on the quarterly payment of $678,571.00 due in December, 1990; and it then defaulted on the quarterly payments of equal amount due in March, June, September, and December, 1991 and March and June, 1992. As of June 30, 1992, PPP's total default on term loan principal was $4,749,997. PPP's first default on term loan interest was on March 19, 1991. Thereafter, PPP cured its interest defaults for the period from March 1991 through May 1991. PPP is now in default on term loan interest from June 1991 through July 1, 1992, in the total past due amount of $1,074,013. Thus, PPP's total default on the term loan at July 1, 1992 on principal and interest is $5,824.010.

PPP is also in default on the revolver. PPP first defaulted on the interest due in March 1991. As with the term loan, PPP has since cured the revolver interest defaults from March through May, 1991. The interest due for June 1991 through July 1, 1992 in default at June 30, 1992 is $431,034.

The Loan Agreement contains restrictive covenants related to, among other things, maintenance of working capital, net worth, capital expenditures, incurrence of debt and disposal of assets. In addition, PPP is prohibited from paying dividends. PPP has been in default on certain debt covenants since June, 1989. Certain waivers were received from NMB and Chase for the period December 1, 1989 through February 28, 1990.

Future compliance is not anticipated for certain covenants which would be considered additional events of default under the terms of the loan agreement.

PPP's current assets as of June 30, 1992 were approximately $9.025 million. Current assets included approximately $528,000 in cash, $97,000 in trade accounts receivable, $2.944 million of intercompany trade receivables, $3.151 million in other receivables, $2.043 million in inventory and $263,000 in prepaid inventory. PPP's current liabilities and pre-petition liabilities as of that date were approximately $45.625 million, including accelerated long-term debt and revolving debt of approximately $17.8 million. As of June 30, 1992, excluding accelerated long-term debt and revolving debt, PPP's current and pre-petition liabilities exceed its current assets by approximately $18.8 million.

The gap between current assets and current liabilities is even greater, and thus PPP's financial situation more critical, when the liquidation value of PPP's current assets is taken into account. The liquidation value of the intercompany trade receivables due PPP from CTI (where CTI could assert a claim or right of offset against the entire receivable), raw material inventory and spare parts inventory is substantially less than the values for those assets reflected on PPP's financial statements under generally accepted accounting principles.

Beginning in May 1991, PPP started experiencing severe liquidity problems. To relieve immediate liquidity pressures, NMB from time to time made loans to PPP through a series of short term demand loans utilized by the Company to cover shortfalls in its working capital. NMB and Chase indicated that they would not provide additional loans outside of the borrowing base formula unless one or all of the following events occurred: (i) PPP filed for chapter 11 relief, (2) PPP negotiated a debt restructuring agreement with its unsecured creditors, or (3) PPP obtained additional equity contributions or subordinated financing. Since May 1991 and through February 1992, NMB continued to make short-term collateralized loans to PPP pending a more permanent resolution of PPP's financial difficulties.

The Pre-Packaged Plan

During the summer and early fall of 1991, PPP had discussions regarding an out of court workout or pre-packaged chapter 11 plan with its major unsecured creditors. As originally envisioned, the workout would have adversely affected less than a dozen major suppliers. All other creditors would have been paid in full from funds advanced by PPP's bank lenders. In late October 1991, Chase informed PPP that in light of the unanticipated and rapid deterioration of the DAP export market and PPP's financial situation, it would not participate in providing additional financing to PPP to fund a workout for PPP's unsecured creditors. As a result of the CTI bankruptcy and the Chase decision not to extend additional financing, PPP withdrew its initial workout plan from further consideration.

As a result of Chase's position that it would not provide additional bank financing, the financial situation of MPI and PPP's short-term liquidity requirements, PPP's management determined that the only two alternatives available to PPP were either liquidation of PPP or third-party financing by either a new equity investor or lender. Unless PPP either received additional financing or a capital contribution, management would have been forced to liquidate PPP. In a liquidation, PPP's management believes that it would not be able to obtain sufficient proceeds from the sale of PPP's assets to repay its secured bank debt, let alone provide a distribution to unsecured creditors.

To effectuate the "prepackaged plan" described below, PPP filed a chapter 11 petition in the United States Bankruptcy Court for the Middle District of Florida on May 1, 1992. The case was assigned to Chief Bankruptcy Judge Alexander L. Paskay. PPP has continued operating its business and managing its property as a debtor in possession under Bankruptcy Code § 1107-1108. Hearings in the PPP chapter 11 case may frequently be held along with the court proceedings involving the Debtors, but it is not anticipated that the PPP chapter 11 case will be procedurally or substantively consolidated with the Debtors' cases.

The cornerstone of PPP's plan of reorganization, described below, involves the acquisition and control by an independent third party of all of PPP's stock or assets who will provide new financing to PPP in connection with an acquisition of both MPI and PPP. The prospective purchaser is Fertilizer Development and Investment B.V. ("FDI"). Judas Azuelos is an indirect principal of FDI. (The purchaser of PPP, whether it be FDI or any other entity, shall be referred to as the "Buyer.")

As more fully described below in connection with the plan of reorganization for the Debtors, FDI has agreed to acquire all of the stock of MPI in return for a $5 million equity infusion and an $8 million term loan to MPI. The term loan is to be in the form of an $8 million subordinated debt instrument of MPI. If they wish, the Institutional Lenders may acquire MPI and PPP by exercising their rights to "bid their liens" under 11 U.S.C. § 363(k).

The funds to be invested by the Buyer, together with the Debtors' and PPP's internally generated funds derived from the sale of certain assets to be described more fully below, will provide the cash needed to confirm plans of reorganization for the Debtors and PPP.

To effectuate its reorganization while spending the least possible amount of time in chapter 11, PPP utilized the process known as a "pre-packaged" plan. To accomplish the pre-packaged plan, PPP composed a disclosure statement and plan of reorganization both dated November 18, 1991. The plan along with the disclosure statement were mailed on November 19, 1991, to all of PPP's unsecured creditors with claims over $2,000. Prior to the filing of its chapter 11 petition on May 1, 1992, PPP received what it believes will be a sufficient vote of its creditors so that the pre-packaged plan can be confirmed by the Bankruptcy Court, assuming certain other conditions to confirmation are found to have been met.

PPP filed a motion, which came before the Bankruptcy Court for hearing on June 30, 1992, seeking a declaration that the disclosure statement mailed to creditors in November, 1991, contained "adequate information" in the manner required by the Bankruptcy Code. At the conclusion of the hearing, the Bankruptcy Court determined that the disclosure statement contained "adequate information" as required by the Bankruptcy Code. As a consequence of the finding, PPP will be entitled to utilize the acceptances and rejection of its plan that it solicited before filing its chapter 11 petition. The Bankruptcy Court signed an order to that effect on July 16 ,1992.

At the hearing on June 30, 1992, the Bankruptcy Court also fixed August 17, 1992 as the last day for creditors to file claims in the PPP chapter 11 case. Notices of the bar date were mailed to creditors on July 10. The Bankruptcy Court on June 30 ruled that any creditors of PPP who had not already voted on the plan would be given an opportunity to vote. Accordingly, on July 13, PPP mailed copies of its disclosure statement and ballots to any scheduled creditors or creditors who have filed proofs of claim but who did not vote on the plan before the chapter 11 petition was filed. Ballots were required to be returned by August 17, 1992.

According to a tabulation of the vote filed by PPP's counsel (who also represent the Debtors) not less than 95.4% in amount and 60.7% in number of voting creditors voted in favor of PPP's plan prior to the commencement of the chapter 11 case. If accepted by the Bankruptcy Court, the vote would be sufficient for a finding that the plan has been accepted by PPP's unsecured creditors whose claims are impaired by the plan. Although no assurances can be given, management of PPP believes that the votes of creditors who were entitled to submit ballots on or before August 17, 1992, did not change the result of the prepetition vote. Although the Bankruptcy Court has not as yet made a finding and no assurances can be given, it appears to management that PPP's plan has been accepted by the requisite majorities of impaired, unsecured creditors.

No assurances can be given as to how the Bankruptcy Court may rule on the remaining issues in PPP's case and whether or when it would confirm a chapter 11 plan for PPP. At present, the Bankruptcy Court has scheduled September 21, 1992 as the date to consider confirmation of PPP's plan. As presently contemplated, PPP will not seek confirmation of its plan until the Debtors' plan is ready for confirmation. If there is a delay in the confirmation of PPP's plan, or if no plan is confirmed, PPP could be liquidated, and the ability of MPI to confirm its own plan could be jeopardized or prevented.

PPP's pre-packaged plan separates non-priority unsecured creditors into two groups. Unsecured creditors with claims under $2000 will be paid in cash in full on consummation of the plan. Creditors with claims over $2000 have the right to elect to reduce their claims to $2000 and be paid $2000 on consummation of the plan in full satisfaction of all of their claims against PPP. (It is financially advantageous for creditors with claims between $2,000 and $20,000 to elect to reduce their claims.) Finally, creditors with claims above $2,000 will be paid 10% of their claims in cash on confirmation, in full satisfaction of all of their unsecured claims against PPP.

PPP estimates that it will require approximately $1.5 million to make the payments to unsecured creditors under the pre-packaged plan. PPP alone, as stated above, does not have the funds to make the payment, and PPP's bank lenders will not furnish the funds through additional lending unless they elect to become the Buyer. Therefore, an acquisition by a third party at present appears to be the only means for confirming a plan for PPP.

The confirmation of the PPP plan is a condition to FDI's acquisition of MPI and PPP. In return for enabling PPP to obtain the cash needed to confirm the PPP plan, MPI will retain or acquire the stock of PPP as part of PPP's plan.

In early June 1992, PPP's DAP plant ceased manufacturing operations due to the continuing fall in DAP prices and the need for periodic maintenance to the plant's sulfuric acid processing facility. It is likely that the plant will not resume production until after confirmation of PPP's pre-packaged plan and the injection of additional working capital by the Buyer.

Wingate Acquisition Corporation

Wingate Acquisition Corporation ("Wingate") supplies MPI with approximately 50% of its needs of phosphate rock, a key ingredient used in manufacturing DAP. Wingate is PPP's sole supplier of phosphate rock. At present, Wingate supplies MPI with phosphate rock on an "as needed" basis. Erol Y. Beker is the sole record shareholder of record of Wingate. Tectrade International Ltd. ("Tectrade") is the beneficial owner of approximately 11.5% of Wingate's stock. Thomas P. O'Brien, MPI's Co-Chairman, is a principal in Tectrade.

On November 30, 1990, Wingate acquired the outstanding common stock of Gulf Atlantic Corporation ("GAC") from Windrose Partners L.P. ("Windrose"), whose general partner, Farouk Chaouni,[4] has no affiliation with the Debtors or their stockholders, for $4.8 million, consisting of $3.0 million in cash and a Wingate promissory note in the face amount of $1.8 million payable to Windrose. GAC is the owner of Nu-Gulf Industries, Inc. ("Nu-Gulf"), which operates a phosphate rock mine known as the Wingate Creek Mine.

The source of Wingate's $3.0 million cash payment for the purchase of Nu-Gulf stock was as follows: NMB lent $3.0 million to CTI. CTI in turn lent $3.0 million to Wingate. Wingate used the $3.0 million to pay the cash portion of the purchase price for the GAC shares. Wingate's note to CTI evidencing the $3.0 million loan was assigned by CTI to NMB as collateral for debt owed by CTI to NMB. $1.7 million is still outstanding on the note.

In connection with the above, the sole record shareholder of Wingate gave PPP an option to buy all the Wingate stock held by him for $4.8 million through November 30, 1994. The option was given to PPP as consideration for its entering into a rock supply contract with Wingate, whereby Wingate will supply PPP with 100% of its phosphate rock requirements from November 30, 1990 through December 31, 1997 at a price fluctuating with Wingate's production cost, not to exceed then current market prices. However, it is unlikely that PPP could obtain the financing necessary to exercise the option due to its present financial difficulties, and therefore the option has little or no value to PPP. Further, the option has been pledged as additional collateral for PPP's debt to NMB.

Creditors should note that a transaction also involving $3 million and CTI took place on September 7 and November 30, 1990 and is described in the last paragraph of subparagraph "E" immediately below. If the two transactions are compressed, one could argue, as Superfos did when moving unsuccessfully for the appointment of a trustee, that MPI should be viewed as the beneficial owner of Wingate or the Wingate Creek Mine. The issues were briefed extensively in connection with Superfos' motion for the appointment of a trustee. Even if the Wingate Mine were not "equitably" owned by MPI, a trustee for MPI could argue that the transaction was structured at the insistence of the Institutional Lenders and that the claims of the banks should be equitably subordinated[5] under Bankrutcy Code § 510(c) because MPI was allegedly insolvent or marginally solvent at the time. Creditors may analyze the court filings to obtain a more thorough understanding of the allegations and arguments on both sides of the issue. The Debtors believe, as they argued to the Bankruptcy Court, that the allegations have no merit. Regardless of whatever merit the arguments may have, the Debtors firmly believe that the pursuit of litigation asserting that MPI is the beneficial owner of the mine would ultimately prove futile for a variety of practical considerations, not the least of which is the fact that both MPI and PPP rely on the mine for a cheap source of phosphate rock. Without the rock supply, the MPI and PPP may not be able to compete in the international DAP market. Litigation could cut off the supply of rock at any price, much less at a favorable price. Furthermore, creditors could consider that the obligation of the mine to supply phosphate rock at favorable prices into the future after confirmation of the plan of reorganization is in consideration for whatever value the claims may have. See also Section IV(G) below.

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4 Mr. Chaouni may be involved in an acquisition of the Debtors and PPP, either in connection with FDI or otherwise.

5 Even if the equitable subordination claim were to prevail, the amount subordinated might be limited to the $3 million involved in the transaction.

Also, during February 1991, Nu-Gulf borrowed $2,600,000 from NMB under a note secured by a mortgage on the Wingate Creek Mine. The proceeds were advanced to PPP and utilized to service its trade payables to CTI, resulting in a liability from PPP to Nu-Gulf of $2,600,000.[6]

In addition, MPI is indebted to Nu-Gulf, a subsidiary of Wingate, for the purchase, handling and transportation of phosphate rock. MPI owes Nu-Gulf approximately $464,000 as of April 30, 1992.

The ownership of a non-controlling 44% equity interest in Wingate is currently the subject of a litigation (the "Wingate Litigation") among the equity holders of MPI commenced on or about September 27, 1991 in the Supreme Court of the State of New York by Sameer Y. Zahr. MPI cannot predict the outcome of the Wingate Litigation. Since the interest in issue is a non-controlling one, MPI does not believe that the outcome of the Wingate Litigation would materially adversely affect its business.

If FDI is the Buyer, FDI will require that both MPI and PPP have a 10 year contract to purchase phosphate rock from Wingate at a price equal to Wingate's cost of production and debt service. The Debtors believe that the resulting price is less than the prevailing market price for phosphate rock. The Debtors also understand that their bank lenders would not allow confirmation of the Debtors' own plan without the rock supply contract at a favorable price. Thus, the cooperation of Wingate is needed before both MPI and PPP may emerge from chapter 11.

E. CTI. On April 11, 1991, CTI filed for chapter 11 relief in the United States Bankruptcy Court for the District of Connecticut (the "Connecticut Bankruptcy Court"), where that case is currently pending. The case was converted to a chapter 7 liquidation on December 3, 1991. CTI is a 50% owned subsidiary of MPI. The remaining 50% of CTI stock is owned by Mr. Sameer Zahr. As of this date, the MPI and CTI bankruptcy cases have not been consolidated, procedurally or otherwise. For the purposes of this disclosure statement, it is assumed that a consolidation will not occur. Should CTI, a creditor, or its trustee seek a procedural or substantive consolidation of its case with these cases, MPI will resist. MPI does not believe that its chapter 11 case and that of CTI should be substantively consolidated, but MPI can make no predictions with respect to the outcome of any litigation concerning substantive consolidation. MPI believes that PPP would oppose substantive consolidation with CTI but cannot predict the outcome of litigation in that regard.

Prior to April 8, 1991, MPI marketed the phosphate fertilizer it manufactured at Mulberry and Piney Point through contractual agreements with CTI. In addition, CTI acted as MPI's purchasing agent for raw materials. Since April 8, 1991, MPI and CTI have become adversaries, and MPI has discontinued using CTI to sell and market its fertilizers and has discontinued using CTI as its purchasing agent for its raw materials; these activities are now being performed directly by MPI. By an order of the Bankruptcy Court dated August 12, 1991, MPI rejected its exclusive marketing agreement with CTI. As a result of the pre-petition business dealings between MPI and CTI, intercompany accounts receivables appear on the books of both companies. MPI believes that it holds defenses and offsets against the CTI claim but cannot predict the amount in which any claim of CTI will be allowed against MPI. In addition, MPI and CTI are engaged along with other third parties in litigation concerning approximately 5,000 short tons of anhydrous ammonia currently stored in MPI's Ammonia Tank (the "Heel"), as well as the proceeds from the sale of 15,000 short tons of ammonia currently held in escrow, as more fully described in Section IV.D below.

On September 7, 1990, all five of the Institutional Lenders permitted MPI to convert $25 million of revolving credit to a term loan (extended loan). The September 7 agreement enabled MPI to borrow an additional $3 million on November 30, 1990 and contribute the funds to PPP. PPP then used the $3.0 million to pay $3.0 million in payables owed by PPP to CTI. CTI in turn satisfied a secured debt to NMB in the same amount.

F. Certain Information Concerning the Debtors' Insiders.

Erol Y. Beker ("Beker"), who owns 44.275 % of the common stock of MPI, is the Chief Executive Officer and Co-Chairman of the Board of Directors of MPI. In addition, Mr. Beker serves as Executive Vice-President of both

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[6] The payments by PPP to CTI may have given rise to a preference. Because CTI itself is now a chapter 7 debtor having apparently limited assets, PPP is not likely to realize a major recovery even if PPP were to successfully bring a preference action against CTI. The preference period may have expired prior to the filing of PPP's chapter 11 petition.

MAF and PFI. Prior to September 9, 1991, Sameer Y. Zahr, who owns 44.275% of the common stock of MPI and was the Chief Executive Officer of CTI, was the Co-Chairman of the Board of Directors of MPI, Co-Chief Executive Officer of MPI, and Vice President and Assistant Secretary of both MAF and PFI. At a duly held meeting of the Board of Directors of MPI held on September 9, 1991, Mr. Zahr was removed from all of his positions with the Debtors. Mr. Zahr resigned from the Board of Directors of MPI on November 7, 1991. As of September 9, 1991, Thomas P. O'Brien became Co-Chairman of the Board of Directors of MPI. In addition, Mr. O'Brien is Chief Executive Officer of Tectrade International, Ltd., which owns 11.4493% of the common stock of MPI.

MPI and its subsidiaries and affiliates have several intercompany financial obligations. As of April 30, 1992, PPP owed MPI approximately $6,506,000, including, among other things: (a) insurance premiums paid by MPI on PPP's behalf; (b) transportation and storage of ammonia via the Tampa Facility; and (c) the purchase of sulphur and sulfuric acid by MPI on behalf of PPP and the costs of transporting these raw materials by railroad car to PPP's Piney Point plant.[7] In addition, PPP owes MPI $1,500,000 on a subordinated long term note.

CTI owes MPI approximately $7,552,364.35 for, among other things, DAP purchased by CTI, railroad transportation incentives due MPI for the shipment of DAP for CTI, and profit sharing fees due from the sale of ammonia stored in the Tampa Terminal by CTI to third parties. MPI has filed a proof of claim in the CTI chapter 7 case in the amount of $7,552,364.35. However, CTI has filed a proof of claim against MPI alleging that MPI owes CTI approximately $11.0 million. MPI expects to object to CTI's claims on several grounds, including the right of offset and, perhaps, equitable subordination. In that connection, MPI contends that CTI failed in its obligation to provide services for MPI commensurate with the amounts which MPI was charged by CTI and that CTI otherwise failed to abide by its contractual obligations. Together with the offsets, the Debtors believe that CTI's claim may either be reduced substantially or eliminated entirely.

At the time of MPI's acquisition by its current owners in April 1987, Beker and Zahr provided separate personal guarantees of up to $6,000,000 on loans to MPI by the Institutional Lenders. On September 7, 1990, Beker and Zahr entered into separate amended and restated personal guarantees (the "Amended Guarantees") that reduced their personal guarantees to $5,350,000. Upon information and belief, Beker believes that the Amended Guarantees provided that Beker and Zahr's personal guarantees will terminate at such time that the aggregate amount of the Institutional Lenders' loans to MPI is less than $10,000,000. The Institutional Lenders, on the other hand, believe that the Amended Guarantees terminates only when the aggregate principal amount owed to the Institutional Lenders by MPI and PPP drops below $10 million. At present, it is not expected that the Institutional Lenders will terminate the Amended Guarantees. Indeed, the Institutional Lenders may insist on a renewal of the guarantees in connection with confirmation of the Debtors' plan of reorganization. The Debtors cannot predict the outcome of negotiations between the Institutional Lenders and Messrs. Zahr and Beker concerning their personal guarantees.

Messrs. Beker and Zahr are indebted to MPI on promissory notes in the amounts of $1,501,000 and $1,431,000, respectively, including interest through June 30, 1992. Under the plan of reorganization described below, the indebtedness will not be released, and the notes will remain the property of the reorganized MPI. After confirmation, the reorganized MPI may either pursue or not pursue collection of the notes, in the discretion of new management, which may include Mr. Beker. The Institutional Lenders assert that the notes are collateral for their pre-petition and post-petition loans. Thus, the Institutional Lenders may claim any proceeds from any collection on the notes and may be in a position to influence the reorganized MPI with respect to its decision to pursue collection of the notes.

If FDI acquires the Debtors and PPP, FDI has indicated that it will offer management positions to certain of the Debtors' current management team, including Mr. Beker and Gary Dahms. As of the date on which this disclosure statement was approved, no agreements had been concluded as to what members of management would be retained, what their positions would be, what their salaries would be, and what interests they might be offered in the equity of the reorganized Debtors. In accordance with 11 U.S.C. § 1129(a)(5), full disclosure will be made in connection with confirmation of the plan. In the meantime, creditors should assume that members of the management team will be retained and given substantial compensation if FDI is the Buyer. In addition, none of the officers of the Debtors have any connection or agreements with FDI or Mr. Azuelos except as set forth in this disclosure statement. To the knowledge of the Debtors' officers, Mr. Beker's family has no interest in FDI's acquisition of MPI.

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[7] MPI owed PPP approximately $2,987,000 at April 30, 1992, such amount including $1,068,000 of pre-petition liabilities.

G. **Tectrade.** Tectrade is an international trading company owned by a Swiss national who has no affiliations with MPI. Tectrade owns approximately 11.45% of the common stock of MPI and is the beneficial owner of 11.45% of the common stock of Wingate. Tectrade deals in the worldwide trade of all types of fertilizer and related raw materials, such as ammonia, sulphur, urea, compound fertilizers and DAP. It has been in this business for over ten years. Thomas P. O'Brien, Co-Chairman of the Board of Directors of MPI, is the Chief Executive Officer of Tectrade.

In the normal course of its business Tectrade buys DAP from USA producers, including MPI, and Tunisia. In 1989, through the conversion of a subordinated loan, Tectrade became the holder of approximately 11.4493% equity in MPI. Prior to and subsequent to this conversion Tectrade has been a regular buyer of MPI DAP. Through its network of bagging terminals and shipping interests, Tectrade sells fertilizers in most of the important world markets, such as China, India, Iran, Turkey, East and West Europe. It built and/or operates facilities for handling fertilizer in Yugoslavia, Hungary, Turkey and China.

Since the filing of these chapter 11 cases, MPI has continued its sales to Tectrade, on a non-exclusive, arm's-length basis with prices and quantities negotiated at the time of each sale in conformity with prevailing market conditions. By so doing MPI has benefitted from Tectrade's shipping and financial potential as well as its access to certain world markets.

III. THE EVENTS LEADING UP TO THE FILING OF THE CHAPTER 11 CASES

A. **The Declining Sales Price of Phosphate Fertilizer.** The world market for phosphate fertilizers reached a peak in 1988. At its highest point in 1988, DAP commanded a spot market sales price of $190.51 per short ton FOB vessel. Thereafter, the export phosphate fertilizer market experienced price deterioration in 1989 which continued throughout 1990, recovered only slightly in 1991 but has experienced recent dramatic price deterioration.

The dramatic fluctuation in DAP sales price had a significant impact on the Debtors' operating results. For the eight month period ending December 31, 1987 and the years ending December 31, 1988 and 1989, the Debtors' combined operating income was approximately $24,000, $17.2 million, and $1.0 million, respectively. The phosphate fertilizer market started experiencing price deterioration in 1989 which continued through 1990, recovered briefly in 1991 and has since deteriorated through this date. The Debtors' operating income was approximately $1.0 million for the year ending December 31, 1989, and the Debtors incurred an operating loss of approximately $3.0 million for the year ending December 31, 1990. For the year ending December 31, 1991, the Debtors' operating loss grew to $17.4 million (which includes an approximate $5.9 million operating loss allocable to the Debtors' Farm Marketing Group). For the five months ended May 31, 1992 the Debtors' operating loss was $6.4 million, and excluding the activities related to the Debtors' Farm Marketing Group, its operating loss for the same period approximated $4.115 million.

The depression in the worldwide fertilizer market in part caused MPI to file for reorganization relief under chapter 11 of title 11, United States Code (the "Bankruptcy Code") on April 8, 1991 (the "Filing Date"). The fertilizer market was also a principal reason why PPP also sought chapter 11 relief.

As late as August, 1992, trends in DAP sales prices for September, 1992 delivery were expected to be approximately $122 per short ton with some firming expected in the fourth quarter. In August, however, the government of India announced the termination of import subsidies for DAP. Immediately, the DAP market experienced another sharp drop to a level of some $115 per short ton. At that price, it was no longer economic for MPI to continue manufacturing DAP because the sale price was below the cash cost of production. After thorough analysis MPI announced in September 1992, that it would suspend manufacturing operations at Mulberry while retaining key personnel so the Company could resume DAP production when the market warrants. However, MPI continues manufacuring sulfuric acid so the Co-Gen Facility can remain in operation.

B. **Failed Sale of the Farm Marketing Group.** In early 1990, MPI's current owners decided to sell the Farm Marketing Group and concentrate MPI's business operations on the manufacture and sale of fertilizer. Towards this end, Smith Barney, Harris Upham & Co. was retained to market the Farm Marketing Group. A transaction for the sale of the Farm Marketing Group was negotiated with The Sterling Group ("Sterling") in early 1991. This transaction was negotiated by Sterling after extensive due diligence including the commitment for stock purchase participation by the senior personnel of the Farm Marketing Group. In early April 1991 and prior to closing of the transaction, MPI was informed by Sterling that it was withdrawing its offer to purchase the Farm Marketing Group due to Sterling's inability to obtain financing.

In anticipating the sale of the Farm Marketing Group and as a result of inadequate credit availability, MPI could not sufficiently build its inventories for the 1991 season. Since the Farm Marketing Group sells in the domestic marketplace and its operations from quarter to quarter vary significantly as a result of the seasonal nature of its retail business, the spring season (MPI's second quarter) is generally the period of highest domestic fertilizer demand and consumption. In order to facilitate obtaining additional working capital financing, the Debtors filed for chapter 11 relief.

C. **Depletion of the Debtors' Working Capital.** Due to the declining fertilizer market, MPI's gross profit margins have declined such that MPI is currently selling fertilizer for less than it costs MPI to produce on a full cost basis. In addition, due to the seasonal nature of its retail business, MPI incurred aggregate losses from the operations of its Farm Marketing Group of approximately $9.4 million for the six month period ending December 31, 1991. The erosion of MPI's available working capital during the period commencing July 1, 1991 through December 31, 1991 caused by the declining phosphate market and the seasonal nature of the retailing business of the Farm Marketing Group has resulted in the depletion of MPI's working capital.

IV. THE CHAPTER 11 CASES

A. **The Chapter 11 Filings.** On April 8, 1991, MPI, MAF and PFI filed petitions for reorganization relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court, Southern District of New York (the "New York Bankruptcy Court").

In accordance with § 1102 of the Bankruptcy Code, the United States Trustee appointed a committee at the outset of these chapter 11 cases to represent the Debtors' unsecured creditors (the "Committee"). The Committee selected counsel and accounting professionals who were retained with the approval of the Bankruptcy Court. The membership of the Committee was comprised of the companies which generally speaking, had the largest unsecured claims against the Debtors. The names and addresses of the counsel for the Committee are:

Anderson, Kill, Olick & Oshinsky
666 Third Avenue
New York, New York 10017
Attn: Mark D. Silverschotz

Bush, Ross, Gardner, Warren & Rudy
220 South Franklin Street
Tampa, Florida 33602
Attn: Jeffrey Warren

On May 28, 1991, the New York Bankruptcy Court entered an order transferring venue of the Debtors' cases to the United States Bankruptcy Court for the Middle District of Florida, Tampa Division.

B. **Financing Arrangements in Chapter 11.** MPI's institutional lenders - NMB, B.S.F.E. - Banque de la Societe Financiere Europeanne, Chase, Sovran Bank, N.A., and Berliner Handels - Und Frankfurter Bank (the "Institutional Lenders"), had, upon the filing of these chapter 11 cases, liens and/or security interests in substantially all of the Debtors' assets, including accounts receivables, pursuant to a revolving credit facility and certain term loans. The Bankruptcy Code does not permit debtors to use collateral or the proceeds of collateral without permission from the lienholder or the Bankruptcy Court. In addition, the Debtors required additional working capital financing to continue operations in chapter 11. Accordingly, just prior to the Filing Date, the Debtors negotiated a post-petition credit agreement ("the DIP Financing Agreement") with the Institutional Lenders other than Chase. Immediately after the commencement of these chapter 11 cases, MPI filed a motion asking the New York Bankruptcy Court to approve the Debtors' DIP Financing Agreement, which the Bankruptcy Court granted in the financing order dated April 30, 1991 and entitled "Final Order Approving Emergency Credit Pursuant to Sections 364(c) and (d) of the Bankruptcy Code" (the "DIP Financing Order").

Pursuant to the DIP Financing Agreement and the order approving it, the Debtors obtained additional financing of $15 million and the ability to use proceeds of the Institutional Lenders' collateral. MPI used the additional financing to pay bank fees, including accrued interest due and to build inventories.

With the $15 million in additional financing provided by the DIP Financing Agreement, the maximum amount of credit available under the revolving credit agreement became $40 million. Combined with term loans aggregating approximately $38 million as of the Filing Date, the secured indebtedness owing to the Institutional Lenders aggregated approximately $78 million shortly after the Filing Date.

Since that time, the Debtors have received Bankruptcy Court approval to incur additional secured financing in the approximate amount of $3.575 million provided by the Institutional Lenders.

As a result of the pre-petition liens of the Institutional Lenders and the DIP Financing Agreement, the Institutional Lenders hold first priority liens and security interests in substantially all of the Debtors' assets and properties, except that the liens of the Institutional Lenders are subordinate to the first lien asserted by Superfos against the Tampa Facility and its proceeds (discussed, *inter alia*, in subsection "C" immediately below and Sections II(C) and IV(F)(1) of this disclosure statement), the "carve out" of $1.5 million on account of allowed professional fees, and any other liens which were prior to the liens of the Institutional Lenders at the commencement of the chapter 11 cases. Other than the liens asserted by Superfos with respect to the Tampa Facility, any other liens prior to the Institutional Lenders as of filing are not believed to be material from the point of view of general creditors. None of the liens of the Institutional Lenders attach to the "T Bills" which collateralize the obligations to CIT under the Co-Gen Lease (discussed, *inter alia*, in Section II(A)(1) and (2)). However, the DIP Financing Agreement and related orders granted the Institutional Lenders "superpriority" administrative claims against all of the assets of the Debtors, including the "T Bills," except subordinate to the "carve out" for professionals. In addition, any equity in the T Bill would first also be applied to the satisfaction of priority claims and expenses of administration of the chapter 7 and 11 cases, which would include the arrears owing to CIT on the Co-Gen Lease. All combined, administrative and priority claims would even now aggregate some $14.9 million (or approximately $11.6 million excluding the unpaid post petition loans from the Institutional Lenders or approximately $10.3 million excluding the cure payments to CIT) all of which would have to be paid in full before any monies were available for unsecured creditors.

C. **The Superfos Lien on the Tampa Facility.** Following MPI's bankruptcy filing, on April 12, 1991, CIT drew approximately $12.9 million on the Superfos LOC, representing the present value of ten payments of $1,549,388.39 due June 30, 1991 through December 31, 1995 under the Co-Gen Lease. Pursuant to the Acquisition Agreement, as more fully described in Section II.A.2. above, Superfos alleges a lien on the Tampa Facility to secure its claims for approximately $12.9 million as a result of the draw on the Superfos LOC.

Specifically, on or about September 12, 1991, Superfos filed a proof of secured claim in the amount of $13,572,442. NMB and Chase subsequently filed an Objection dated March 11, 1992 to claim of Superfos a/s and Superfos Investments Limited (the "Objection") seeking the disallowance of Superfos's entire claim. NMB and Chase have filed a Motion dated May 8, 1992 for summary judgment on the Objection (the "Summary Judgment Motion"). A hearing on the Summary Judgment Motion was held on June 5, 1992, and the Bankruptcy Court subsequently rendered a decision finding disputed issues of fact and denying the motion. The Debtors believe that the proposed plan of reorganization annexed hereto as <u>Exhibit A</u> is feasible regardless of the outcome of the Objection. Furthermore, the Objection may be moot by virtue of the treatment of Superfos' claim under the plan of reorganization.

D. **The Heel Dispute.** At the time CTI filed its chapter 11 petition, approximately 20,000 short tons of ammonia (the "Ammonia") were stored in the Ammonia Tank. CTI, Gemini, Inc. ("Gemini"), NMB, Occidental Chemical Corp. ("Occidental"), and MPI (together, the "Stipulation Parties") each claimed either to own all or part of the Ammonia or asserted competing claims or security interests against all or part of the Ammonia. Of the 20,000 short tons of Ammonia, MPI claims to own the Heel, approximately 5000 short tons of ammonia which is normally commercially unusable because the Ammonia Tank pumps do not reach to the level necessary to extract the Heel in the ordinary course of the Tampa Terminal's operations. Prior to January, 1992, when the Heel was removed from the Ammonia Tank and the tank was closed temporarily for maintenance and inspection, the Heel has always existed in the Ammonia Tank. The Heel has always been reflected in the Debtors' financial statements as being owned by the Debtors and has always been reflected in the Debtors' inventory.

Because of the disputes over and competing claims to the Ammonia, MPI could not use or purchase the Ammonia in the early days of its chapter 11 case. The presence of the Ammonia in the Ammonia Tank, however, was inhibiting the operation of the Tampa Terminal and as a result impaired the operation of MPI's fertilizer plants. For several days, the Tampa Facility and MPI's fertilizer plants were forced to cease operations resulting in lost revenues of over $500,000 per day. Eventually, the Stipulation Parties entered into a stipulation which was so ordered by the New York Bankruptcy Court on April 16, 1991 (the "Stipulation"). Pursuant to the Stipulation, MPI would purchase the Ammonia with the proceeds of the sale to be placed in escrow (the "Escrow Account") subject to a determination of the parties' competing claims and interests.

Paragraph 1 of the Stipulation authorizes MPI to purchase the Ammonia at a price of $123.12 per metric ton. Gemini filed a motion in the New York Bankruptcy Court on about April 19, 1991 to "correct" the Stipulation to reflect a higher price, claiming that there was a mistake when it agreed in open court to the price in the Stipulation. In an opinion dated October 10, 1991, the New York Bankruptcy Court denied Gemini's motion. By order dated March 5, 1992, the United States District Court for the Southern District of New York (Sand, J.) affirmed the New York Bankruptcy Court's opinion.

Pursuant to paragraph 2 of the Stipulation, MPI is required to place the proceeds of any sale of the Ammonia from the Ammonia Tank into the Escrow Account pending the determination of the Stipulation Parties' competing claims and interests in the Ammonia and the Escrow Account. Specifically, paragraph 3 of the Stipulation provides that the Stipulation Parties' claims of title and any liens, claims, and security interests transfer, affix and attach to the Escrow Account in the same order and priority as they existed with respect to the Ammonia. From April 16 through May 3, 1991, MPI purchased 15,000 short tons of Ammonia and placed approximately $1.6 million, the proceeds of sale, into the Escrow Account. The Heel, however, was not purchased by MPI because it could not be removed in the ordinary course of business and remained in the Tampa Terminal subject to all parties' liens, claims and interests. In January 1992, MPI purchased the Heel and placed approximately $550,000 in a separate escrow account pursuant to an order of the Bankruptcy Court dated January 10, 1992 (the "January 10 Order") when the Tampa Terminal was decommissioned and inspected in connection with the proposed sale of the Tampa Facility to Norsk. In March 1992 the Tampa Terminal was recommissioned and, pursuant to the Court's January 10 Order and the Court's order dated March 18, 1992 (the "March 18 Order"), MPI used some of the proceeds in the escrow account to purchase a replacement heel, which is now in the Tampa Terminal. Because of decreasing ammonia prices, the cost of the replacement heel in March, 1992 was approximately $85,000 less than the amount MPI purchased the Heel for in January, 1992. After the closing of the sale of the Tampa Terminal to CF Industries, Inc. on July 22, 1992, pursuant to the January 10 and March 18 Orders, the Debtors have placed into escrow $476,399.29, the precise amount of funds required to purchase the replacement heel. Including the $85,000 which remained in the escrow account after MPI purchased the replacement heel, the escrow currently contains approximately $561,000.

Paragraph 4 of the Stipulation provides that the proceeds in the Escrow Account shall be held by Citibank, N.A. and shall be disbursed only in accordance with (a) the agreement of Occidental, CTI, Gemini, and NMB or (b) a further order entered by the Connecticut Bankruptcy Court on notice to MPI, Occidental, CTI, Gemini and NMB in a contested matter or adversary proceeding determining the interests of the Stipulation Parties in the Ammonia and Escrow Account. Accordingly, on or about June 28, 1991, Occidental commenced an adversary proceeding against the other Stipulation Parties in the Connecticut Bankruptcy Court to determine the parties' rights, claims and interests in the Escrow Account. Discovery has been completed, and a trial could take place as early as the fall of 1992. If successful, MPI could recover approximately $550,000 in proceeds if it is determined that the Heel and its proceeds belong to MPI. Should MPI lose the litigation and it be determined that some other party is entitled to ownership of the Heel or its proceeds, the result would be a loss to MPI of approximately $550,000. It should be noted that the Heel has always been reflected on MPI's balance sheet as one of its assets.

E. The Settlement with Reclamation Creditors.

Approximately 23 creditors who shipped goods to the Debtors have made reclamation claims pursuant to section 2-702 of the Uniform Commercial Code and § 546(c) of the Bankruptcy Code. The validity and enforceability of the reclamation claims have not been established and are not conceded by the Debtors, with the exception of certain reclamation claims allowed under the terms of stipulations settling adversary proceedings commenced by four reclamation creditors against the Debtors, as more fully described below.

At the hearing held on April 30, 1991 to consider final approval of the Debtors' $40 million "revolver" under §§ 364(c) and (d) of the Bankruptcy Code, certain reclamation creditors objected to post-petition financing on the grounds that the proposed financing agreement failed to provide for adequate protection for the interests of the holders of reclamation claims. The Debtors, their banks and the objecting reclamation creditors resolved objections to the post-petition financing order by agreeing in principle to provide the reclamation auditors with a lien (the "Reclamation Lien").

Creditors holding valid, enforceable and allowed reclamation claims shall share pro rata in the Reclamation Lien, which is a lien and security interest in the maximum amount of $2 million. The collateral for the Reclamation Lien will be the same collateral granted to the banks under the Dip Financing Order. The Reclamation Lien shall be subject and subordinate to (1) all liens and security interests held by the Institutional Lenders and (2) all other valid, perfected and enforceable security interests in their collateral as of the filing date on April 8, 1991.

The Reclamation Lien shall be non-interest bearing throughout the duration of these chapter 11 cases, but without prejudice to the rights of creditors asserting reclamation claims to assert a right to interest under any plan proposed in these cases or in subsequent chapter 7 cases.

The holders of the Reclamation Lien shall be prohibited and enjoined from taking any action with regard to the Reclamation Lien, including actions to enforce such liens, applying for a termination or modification of the automatic stay or commencing a foreclosure action or taking any other action to enforce the Reclamation Lien, provided, however, that creditors asserting reclamation claims shall not be enjoined from bringing actions in the Bankruptcy Court for the sole purpose of determining the validity and amount of asserted reclamation claims.

The Reclamation Lien shall entitle the holders of such liens to receive the net proceeds from the sale of any of their collateral or to receive or apply any other net proceeds, rent, income, or profits from the collateral only after all indebtedness, including principal, interest and other charges, costs and expenses owing by MPI to the Institutional Lenders has been paid in full.

The Reclamation Lien may not be enforced at any time by the holders of such liens who shall not take any action with respect to the collateral, such as opposing or proposing any sale or other disposition of the collateral, and the reclamation claims secured by the Reclamation Lien shall not be paid until such time as all allowed claims of the Institutional Lenders, including principal, interest and other charges, costs and expenses, have been paid in full. After the claims of the Institutional Lenders have been paid in full, any excess proceeds realized from the disposition of property subject to the Reclamation Lien shall be held by MPI subject to further order of the Bankruptcy Court.

Any payment on account of the Reclamation Lien and the reclamation Claims shall be subject and subordinate to the prior payment in full of all administrative expense claims asserted by professionals seeking allowances of compensation under 11 U.S.C. §§ 330-331.

The Reclamation Lien shall be subject and subordinate to any liens or security interests later granted on account of borrowed money.

If any creditor asserting a claim under 11 U.S.C. § 546(c) or U.C.C. § 2-702 receives treatment more favorable than that accorded by the order establishing the Reclamation Lien, then the grant of the liens and security interests pursuant to the order shall be null and void and of no force or effect whatsoever, and the order shall be deemed to have been made without prejudice to any and all of the rights, claims, and defenses of any party in interest with respect to reclamation claims under U.C.C. § 2-702 and 11 U.S.C. § 546(c).

If the aggregate amount of Reclamation Claims exceeds $2 million, then any and all reclamation claims shall, in addition to the Reclamation Lien, share pro rata in an administrative expense claim under 11 U.S.C. § 503(b)(1)(A) and § 507(a)(1), provided, however, that such administrative expense claim shall be subject and subordinate to the prior payment in full of all allowances of compensation to professionals under U.S.C. §§ 330-331.

On October 29, 1991, the Bankruptcy Court issued an order establishing the Reclamation Lien (the "Reclamation Order").

Five of the reclamation creditors, Allied Signal Corporation, ("Allied"), American Borate Company ("American Borate"), Chilean Nitrate Corporation ("Chilean"), Cedar Chemical Corporation ("Cedar") and Great Salt Lake

Minerals and Chemicals Corporation ("GSL"), have filed lawsuits to determine the validity and enforceability of their reclamation claims.

As a result of intensive negotiations, the Debtors have entered into stipulations to settle four of the lawsuits commenced by reclamation creditors. By motion dated March 27, 1992, the Debtors sought an order of the Bankruptcy Court approving a stipulation settling the lawsuit commenced by Chilean Nitrate Corporation, which the Bankruptcy Court approved at a hearing held on May 14, 1992. On May 28, 1992 the Debtors filed a motion seeking the Bankruptcy Court's approval of stipulations to settle the lawsuits commenced by American Borate, Cedar and GSL. At a hearing held on that motion on June 30, 1992, the Bankruptcy Court approved the settlements with American Borate, Cedar and GSL.

In each case, the Debtors were able to settle the lawsuits commenced by American Borate, Cedar, Chilean and Great Salt Lake without incurring major litigation costs. Only the adversary proceeding commenced by Allied on or about May 5, 1992 remains unresolved as of the date of this Disclosure Statement. However, the Debtors may be required to initiate litigation to resolve other reclamation claims by creditors who have not instituted adversary proceedings. It is not anticipated that the allowed reclamation claims will exceed $1.2 million.

Net of the reductions pursuant to the settlements discussed above, the Debtors have received reclamation demands aggregating approximately $2.7 million. The amounts of the reclamation demands are as follows: Arr-Maz Products ($70,945), Agra Tech Seeds Inc. ($28,093), Allied Signal ($168,125), Ametek ($1,708), Boliden ($99,977), Cedar Chemical Corp. ($70,000), Chilean Nitrate ($214,985), CIBA-Geigy Corp. ("CIBA")($961,650), Gold-Kist, Inc. ($1,391), Great Salt Lake Min. & Chem. ($37,905), ICI Americas Inc. ($36,336), Northrop King ($110,701), Weaver Fertilizer ($20,653), du Pont ($154,000), American Borate ($17,500), DSM Chemicals North Amer. ($101,792), Nitram, Inc. ($48,770), Potash Import & Chem. ($24,577), Agway, Inc. ($230,131), Tri-County Farm Serv. ($150,000), Ag-Chem, Inc. ($107,062), Western Ag-Minerals ($14,939), Monsanto ($21,299). After the claims objection process is completed, the Debtors believe that the aggregate of the allowed reclamation claims will be less than $2 million. Because it will be fiscally to the benefit of the Debtor that the reclamation claims be reduced, the Debtor presumably will prosecute objections to Class 7 Claims.

F. **Marketing the Debtors' Assets.** The Debtors would be unable on their own to finance a chapter 11 plan of reorganization. Consequently, MPI began immediately upon the filing of these cases to search for one or more third parties who would be willing to acquire all or part of the Debtors' business or assets or to fund a plan of reorganization.

1. <u>The Sale of the Tampa Facility.</u>

The sale of the Tampa Facility is part of the Debtors' reorganization effort. In that connection, the Debtors began negotiations shortly after the Filing Date with several parties interested in purchasing the Tampa Facility. On September 25, 1991, MPI entered into an asset purchase agreement (the "Hydro Purchase Agreement") with Norsk Hydro USA Inc. ("Hydro"), a subsidiary of Norsk Hydro a/s, which provided for the sale of the Tampa Facility to Hydro (the "Proposed Hydro Sale"), subject to Court approval under Section 363 of the Bankruptcy Code, for approximately $15.5 million and other consideration, including throughput and terminalling agreements extending through December 31, 1991.

Later, the Debtors filed several motions seeking the Court's approval for certain actions in preparation for the Proposed Hydro Sale. The motions sought, among other things, authorization to decommission and inspect the Ammonia Tank and portions of the connecting pipeline and approval of certain overbid procedures contained in the Hydro Purchase Agreement.

The Hydro Purchase Agreement required that the Debtors decommission and inspect the Ammonia Tank and portions of the pipeline as a prerequisite to the proposed sale. Although the Debtors argued that the cost of an inspection was not justified. Hydro stated that it would not be willing to purchase the Tampa Facility unless an inspection were conducted. Relying on Hydro's apparent good faith and its expressed intention of purchasing the facility, the Hydro Purchase Agreement ultimately included the inspection. By order dated December 12, 1991, the Court authorized the inspection and decommissioning of the Tampa Terminal, and by order dated December 18, 1991, the Court approved the "bust-up fee" and overbid procedures contained in the Hydro Purchase Agreement.

During the ensuing months the Debtors proceeded with the decommissioning and inspection of the Tampa Terminal in anticipation of the Proposed Hydro Sale. The decommissioning and inspection procedures were completed in February, 1992. The inspection revealed that the facility was in good working order and that no repairs would have been necessary to assure the safe operation of the plant. The inspection also revealed that no repairs would have been necessary as a precondition to the sale of the facility to a typical purchaser. Since MPI desired to resume operations at the Tampa Facility, the Debtors sought the Court's authorization pursuant to a motion (the "Recommissioning Motion"), dated February 28, 1992 to, inter alia, (i) recommission the Tampa Facility and (ii) enter into a repair agreement with MPI and Hydro, dated February 27, 1992 (the "Hydro Repair Agreement") in connection with the recommissioning. Pursuant to an order dated March 18, 1992, the Court approved the Recommissioning Motion. Since that time the Debtors have recommissioned the Tampa Terminal, and it is now in operation.

On February 3, 1992, the Debtors filed a motion (the "Hydro Sale Motion") seeking the Court's authorization to, inter alia, sell the assets comprising the Tampa Facility to Hydro or to whomever might make a higher or better offer. After notice was given as directed by the Court, an auction was held, but no one appeared to bid against Hydro. At a hearing in the Court on the following day, the Debtor sought authorization to conduct discovery concerning the auction. After the application for discovery was granted and depositions were taken, the Debtor made a report to the Court at a hearing on March 20, 1992. Based upon the undisputed facts contained in the Debtor's report, the Court disapproved the sale of the Tampa Facility to Hydro based upon sufficient undisputed facts that (1) Hydro and a third party entered into an agreement concerning the sale of the Tampa Facility and (2) the agreement between Hydro and the third party was not disclosed, and that the failure to disclose the agreement sufficiently tainted the entire proceeding and negatively impacted the integrity of the sale so as to warrant a denial of the sale.

Soon after the Court denied the motion to approve the Proposed Hydro Sale, the Debtors held discussions with CF Industries, Inc. ("CF") concerning a sale of the Tampa Facility. The discussions culminated on April 23, 1992, when MPI entered into an asset purchase agreement with CF (the "CF Contract") which provides for, subject to the approval of this Court, the sale of the assets comprising the Tampa Facility by MPI to CF or an assignee of CF for a gross price of $17 million in cash as more fully set forth in the CF Contract (the "Proposed Asset Sale"). As a condition to CF's obligations, the CF Contract provides that MPI and PPP will enter into, subject to Court approval, certain ammonia throughput agreements (the "Throughput Agreements") and term ammonia supply agreements (the "Supply Agreements") with CF which call for CF to provide certain percentages of the ammonia requirements to the Mulberry and Piney Point Plants. Pursuant to an order dated June 23, 1992, the Bankruptcy Court authorized MPI to enter into the Throughput and Supply Agreements. PPP has filed a motion dated July 20, 1992 seeking Bankruptcy Court authorization to enter into the Throughput and Supply Agreements. MPI and PPP are currently receiving their ammonia supply from Hydro Agri Ammonia, Inc. pursuant to short-term throughput and supply agreements approved by the Court.

In significant respects, the CF Contract was more fiscally beneficial to the Debtors than was the contract with Hydro. First, the contract price was higher. Second, the CF Contract had fewer indemnifications, which would mean that the net realized from the sale to CF could significantly exceed the net that would have been gained from a sale to Hydro.

As required by Section 3(b) of the Asset Purchase Agreement MPI filed a motion (the "Overbid Motion") seeking this Court's approval, inter alia, of (1) an overbid procedure contained in the CF Contract, which is substantially similar to that approved by this Court in connection with the Proposed Hydro Sale, (2) a "right of first" refusal in favor of CF, (3) payment by MPI to CF of a "bust-up fee" if the Tampa Facility is sold to any party other than CF, (4) payment by MPI to CF of certain fees and expenses incurred by CF relating to the Proposed Asset Sale, whether or not the assets are ever sold to CF or anyone else, and (5) reimbursement by MPI to CF of certain repair costs incurred by CF. By an order dated May 29, 1992 the Bankruptcy Court granted the Overbid Motion. MPI filed a separate motion, dated May 7, 1992, under Bankruptcy Code § 363 for approval of the Asset Purchase Agreement and Proposed Asset Sale.

After notice was given as directed by the Court, an auction of the Tampa Facility was held on June 17, 1992. After competitive bidding between CF and Hydro at the auction, CF turned in a high bid of $21.6 million for the Tampa Facility. At a hearing held on June 19, 1992, the Bankruptcy Court was told of the results of the June 17 auction and received the Debtors' recommendation that the $21.6 million bid by CF was the highest and best offer received by the Debtors for the Tampa Facility. At the June 19 hearing, the Bankruptcy Court approved the Proposed Asset Sale to CF after determining that CF had submitted the highest and best offer for Tampa Facility at the June 17 auction. The Bankruptcy Court finally approved the Asset Purchase Agreement and the Proposed Asset Sale pursuant to orders dated June 23, 1992.

The closing of the sale of the Tampa Facility took place on July 22, 1992. The proceeds of the sale (net of $500,000 in escrowed funds to be released one year after closing unless claims are made against the escrow, and certain other expenses and adjustments) in the amount of $20,837,883.64 were deposited after the closing into an escrow account held by the Debtors' attorneys.

2. <u>The Sale of the Farm Marketing Group</u>.

In addition, in July, 1991, MPI recommenced discussions with Sterling for the sale of the Farm Marketing Group. Sterling is an investment banking firm that specializes in structuring management lead leveraged buy-outs. As a result, on September 26, 1991 the Debtors executed a letter of intent (the "RAC Letter of Intent") with Royster (FMG) Acquisition Corporation ("RAC"), a new corporation formed by Sterling, James A. Shirley, members of the Farm Marketing Group's current management and others setting forth RAC's present intention and understanding to purchase substantially all of the fixed assets of the Farm Marketing Group for $7.990 million in cash plus 100% of net inventory acquired, which approximated $13.3 million, and $2.25 million in non-voting preferred stock of RAC and the assumption of specified liabilities.

3. <u>The Sale of The Chesapeake Facility</u>.

The Debtors have also been actively seeking potential purchasers for their ammoniation facility located in Chesapeake, Virginia. The Debtors anticipate entering into a contract with a third party for the sale of the facility. It is not expected that the outcome of the sale will have a material impact on the Debtors' chapter 11 cases. In that regard, creditors should note that the Chesapeake facility is subject to the liens of NMB and Chase.

G. The FBI Search Warrant.

Pursuant to a search warrant issued by a United States Magistrate Judge for the Middle District of Florida, the Federal Bureau of Investigation ("FBI") searched the Debtors' offices in Mulberry, Florida, on June 22, 1992. During the course of the day, the FBI examined and removed approximately sixty cartons of documents from the Debtors' files.

Subsequent to the search, the Debtors retained a special counsel to perform an internal investigation and to deal with the matters concerning the FBI and the United States Attorney for the Middle District of Florida. The Debtors' special counsel contacted the Assistant United States Attorneys who identified themselves as having responsibility with respect to the matter (the "AUSA's").

Before a Magistrate Judge will issue a search warrant, the United States Attorney or the FBI must file an affidavit setting forth probable cause for the issuance of the warrant. In this instance, the affidavit has been filed under seal at the request of the government. Special counsel for the Debtors, in a conversation with one of the AUSA's, requested that the Debtors be provided with a copy of the affidavit. The request was denied. Accordingly, the Debtors do not know the basis upon which the warrant was issued nor the allegations made by the government.

The Debtors's special counsel has spoken with the AUSA's concerning the search warrant. From the conversations, the special counsel was told that the government was in the preliminary stages of an investigation into two principal areas: 1) the theft of unaccounted for quantities of DAP from MPI's facility, and 2) allegations previously made in court papers filed in the Bankruptcy Court.

With respect to the possible theft of DAP, the Debtors maintain a variety of controls which would indicate if valuable quantities of DAP had been stolen. For example, a ton of DAP requires a specific amount of raw materials such as ammonia and phosphoric acid. If DAP were missing, the correlations between finished product and raw materials would not balance. Thus, the Debtors' management believes that it will be able to establish that DAP has not been stolen.

With respect to allegations previously made in the Bankruptcy Court, the Debtors presume that the AUSA was referring to court papers filed by Superfos in its motions seeking the appointment of a trustee or examiner and the disqualification of Fulbright & Jaworski as the Debtors' counsel. The issues raised by Superfos were litigated in the Bankruptcy Court which subsequently denied the motion for the appointment of a trustee or an examiner. The Bankruptcy Court ruled that it would, however, appoint a special counsel to investigate the allegations made by Superfos if requested by the Creditors' Committee. The Creditors' Committee has not made a request and none has been appointed. The Bankruptcy Court has denied Superfos's motion for disqualification of Debtors' counsel. The Debtors anticipate that Superfos will appeal the Bankruptcy Court's ruling, but the Debtors cannot predict how long the appeal process will take or what the final result will be.

The Debtors' management believes that the allegations being investigated by the FBI and the AUSA's are without substance and that neither the Debtors nor any of their officers have committed any wrongdoing. However, the Debtors cannot predict how long the investigation may continue or what course it may take. Often, the government will utilize a grand jury in conducting its investigation. Thus, it is possible in the future that grand jury subpoenas may be issued to the Debtors, their officers, employees, or others seeking testimony or the production of documents.

The Debtors cannot predict the ultimate result of the investigation or its effect on the chapter 11 cases. Because the Debtors' plan provides that the Debtors' stock or assets may be purchased by a third party, the pendency of the investigation may cause a third party purchaser to be reluctant to proceed until the investigation is concluded.

H. The Conversion Motions.

By motions made in early August 1992, the Institutional Lenders filed motions for conversion of the Debtors' and PPP's chapter 11 cases to liquidations under chapter 7. Thereafter, both Superfos and the United States Trustee also filed motion for conversion to chapter 7. All of the conversion motions were scheduled for hearing on August 21, 1992.

In the face of the impending hearing on the conversion motions, the Institutional Lenders, the Debtors, the Committee, and FDI all came to terms on the Plan and the related documents, including the FDI Contract, and the Loan Agreements. As a consequence, the Institutional Lenders withdrew their conversion motion. The remaining conversion motions were denied without prejudice, meaning that they can be renewed if the proposed chapter 11 plans are not confirmed.

V. SALE OF THE FARM MARKETING GROUP

MPI and RAC entered into an asset purchase agreement dated November 27, 1991 (the "Agreement") providing for the sale of the Farm Marketing Group by MPI to RAC free and clear of all liens, claims and encumbrances except as set forth in the Agreement. The sale of the Farm Marketing Group was consummated on January 15, 1992.

A. Assets Sold and Transferred to RAC.

Pursuant to the Agreement, MPI sold to RAC substantially all of the Debtors' assets (the "Assets") used in association with the operation of the facilities (the "Facilities") or the conduct of the business (the "Business") of the Farm Marketing Group ("FMG"). The Agreement expressly provides that the Facilities and the Business shall not include the Debtors' Mulberry and Piney Point plants, the Tampa Facility and the facility in Chesapeake, Virginia.

In addition, the Agreement provides that RAC will not purchase or otherwise acquire the following assets relating to the Facilities and the Business: excluded current assets (accounts receivable, crop protection credits and rebates, pre-paid undelivered inventory, cash, cash equivalents and marketable securities and bank, lock box and field administration accounts), certain specified assets which are non-transferrable under state law, insurance policies, seed credits[8] other than the refunds relating to specified pre-paid expenses; the Debtors' facilities and related assets located in Huntington/Leonardtown, Maryland; Tabor City, North Carolina; Toledo, Ohio; and Cypress Chapel, Virginia, and the outstanding shares of the capital stock of MAF and PFI owned by MPI.

With respect to the excluded accounts receivable and certain refunds, RAC entered into a collection agreement (the "Collection Agreement") with MPI pursuant to which RAC agreed to collect and turn over to MPI accounts receivable relating to FMG arising prior to the closing of the Agreement (the "Closing") and collected for the 90 days following the Closing for a flat fee of $650,000. Through the Collection Agreement, the Debtors have already recovered

[8] The seed credits include those made pursuant to a seed return agreement with Pioneer Hi-Bred International, Inc., and refunds relating to periods prior to the closing date of the Agreement.

approximately $4.2 million, net of the collection fee, and expect to recover approximately $1.2 million[9] in additional pre-closing accounts receivable and refunds.

With respect to excluded crop protection chemical rebates and seed returns, the Debtors have recovered approximately $670,000 since the closing, and the Debtors expect to recover approximately $200,000 in additional rebates and returns by October 1992. In addition, with respect to excluded prepaid inventory, the Debtors have recovered approximately $1.2 million and expect to recover and additional $300,000 by October 1992.

In regard to Chesapeake, the Agreement obligated the Debtors to enter into an agreement (the "Chesapeake Products Purchase Agreement") pursuant to which, among other things, MPI has agreed to sell and RAC has agreed to buy mixed fertilizer and micronutrient products produced by Chesapeake. In addition, the Chesapeake Products Purchase Agreement grants RAC a right of first refusal in the event MPI seeks to sell or lease Chesapeake to a third party.

B. Non-Compete Covenants.

The Agreement also contains non-compete covenants (the "Non-Compete Covenants") that obligate MPI and Beker to refrain for a period of ten years after the closing date of the Agreement (the "Closing Date") from selling fertilizers other than phosphate rock and other specified products in states in which RAC has or may commence operation of a wholesale distribution facility. In addition, MPI and Beker, for a period of three years after the Closing Date, are prohibited from inducing any former employees of MPI who accept an offer of employment with RAC or other RAC employees to terminate their employment with RAC.

The Non-Compete Covenants specifically provide that MPI and Beker may continue to operate the Debtors' businesses and assets which remain after the proposed sale of FMG, including the Mulberry and Piney Point plants, and the Tampa Terminal.

C. Consideration for the Sale of the Farm Marketing Group.

Under the Agreement, the total consideration (the "Consideration") provided by RAC to MPI for the Assets of FMG and the Non-Compete Covenants consisted of (1) approximately $7,990,000.00 in cash; (2) preferred stock (the "Preferred Stock"); (3) additional cash in the amount of $13,317,417 to compensate MPI for FMG's "Actual Adjusted Working Capital," defined in the Agreement as the value of prepaid expenses and inventories attributable to the business of FMG, less post-petition payables and liabilities incurred by FMG and specific employee obligations assumed by RAC[10], and (4) the assumption of specified obligations. As of the date of this disclosure statement, not all of the proceeds from the sale of the FMG and the liquidation of FMG assets have been received. Therefore, the aggregate cash consideration ultimately to be received under the Agreement will be approximately $29.26 million.[11]

The Preferred Stock consists of 2,250 shares of Series A Cumulative Redeemable Preferred Stock with an aggregate liquidation value of $2,250,000.00 issued at the closing of the sale of FMG to RAC (the "Closing"). Holders

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[9] This figure is estimated as of May 31, 1992.

[10] The Debtors and RAC have entered into a settlement agreement (the "Settlement Agreement") dated July 10, 1992 pursuant to which the parties have agreed that the Actual Adjusted Working Capital of $13,317,417 obligates RAC under the Agreement to pay the Debtors approximately $1,926,317 minus certain closing adjustments of approximately $128,000 (the "Working Capital Payment"), such amount representing (i) $1,865,817 as the excess of the Actual Adjusted Working Capital as negotiated by the parties over a closing working capital payment of $11,451,600 made by RAC at the closing of the sale of FMG, and (ii) interest thereon (approximately $60,500 as of July 15, 1992) from the closing date until the payment date. The Debtors have filed a motion (the "Settlement Motion") dated July 13, 1992 seeking Bankruptcy Court approval of the Settlement Agreement. A hearing on the Settlement Motion is scheduled for August 25, 1992.

[11] To be reduced by approximately $350,000 in expenses incurred in closing the transaction, in addition to $222,000 consisting of the cost of title insurance, title commitments, surveys, property taxes, and the costs of providing notice of the sale which has already been paid from the cash proceeds of the sale.

of the Preferred Stock will be entitled to a liquidation preference of $1,000 per share and will be entitled to cumulative dividends at the annual rate of $50 per share for the first two years following the Closing Date, $75 per share for the third and fourth years following the Closing, $100 per share for the fifth and sixth years following the Closing, and $150 per share for subsequent years. The amounts payable to the holders of the Preferred Stock may be offset by any indemnification payments due RAC under the Agreement. As of the date of the approval of this disclosure statement, no indemnification claims had been made. Creditors should assume, however, that claims will be made, but the Debtors' are not in a position to forecast what the claims may be nor their likely merit due to the always conjectural nature of environmental claims. RAC will have the right to issue securities ranking senior to the Preferred Stock with respect to both dividends and liquidation preference. The holders of the Preferred Stock will have no voting rights except as required by law.

D. Court Approval of the Sale of the Farm Marketing Group.

MPI filed a motion (the "Motion") dated November 27, 1991 seeking an order of the Bankruptcy Court approving and authorizing, among other things, (1) the Agreement, (2) the sale of the Assets free and clear of any and all liens, claims and encumbrances to RAC or to whomever may submit a higher or better offer, with liens, claims and encumbrances, to the extent valid, perfected and enforceable, attaching to the net proceeds of the sale, and (3) the assumption and assignment to RAC of certain unexpired leases and executory contracts as set forth in Exhibit B to the Agreement.

Pursuant to an order of the Bankruptcy Court, any potential purchasers interested in submitting a higher or better offer for FMG were required to submit offers to MPI at an auction (the "Auction") held at 9:00 a.m. on December 19, 1991 at the Hyatt Downtown Tampa, Two Tampa City Center, Tampa, Florida. At the Auction, Champion Industries, Inc. ("Champion") submitted an offer which on its face exceeded the RAC offer. Because, among other things, Champion had no financing commitment and wanted to delay the sale for several months, the Debtors determined in their business judgment that the offer by RAC embodied in the Agreement was the highest and best offer. The Debtors' judgment was supported by the Institutional Lenders and the Creditors' Committee. At a hearing on the Motion held on December 19, 1991 the Bankruptcy Court considered various objections and the offers by Champion and RAC. After the conclusion of the hearing, the Bankruptcy Court approved the sale to RAC pursuant to the Agreement, entered an order dated December 20, 1991, authorizing the sale, and specifically found that the offer by RAC was the highest and best offer. The Closing of the sale of FMG by MPI to RAC occurred on January 15, 1992.

As a result of the sale of the FMG, the debt owing to the Institutional Lenders has been substantially reduced, and the Institutional Lenders have been paid in full except for NMB and Chase. Not all proceeds from the sale of FMG and the liquidation of its assets have yet been received. As the proceeds are received, they will be turned over to NMB and Chase in accordance with the Court's order of December 20, 1991. Further proceeds from the FMG will not be available to the Debtors to finance the plan of reorganization. The failure to collect remaining proceeds, however, could add further debt to the Debtors and may jeopardize the confirmation of a plan of reorganization.[12]

VI. <u>SUMMARY OF PLAN OF REORGANIZATION</u>

The Debtors' plan of reorganization ("Plan") is proposed in accordance with 11 U.S.C. § 1123. To analyze and understand the Plan thoroughly, creditors and security holders are urged to read the Plan itself which is attached hereto as <u>Exhibit A</u>. The terms defined in Article I of the Plan apply throughout this disclosure statement unless otherwise stated.

A. **Means for Execution of the Plan.** As a result of the Debtors' current financial position, including its cash forecast from operations and the continued depressed market prices for DAP, the Debtors' Plan contemplates the satisfaction of the claims of unsecured creditors in return for the payments provided in the Plan, the discharge of all secured and unsecured debts except as provided in the Plan, the restructuring of the Debtors' secured bank debt, including the RPI Guarantee, and the sale to FDI, the Institutional Lenders, or a third party of all of the stock of MPI. The Plan has been made possible by the previous closings of the sales of the the Tampa Facility, with simultaneous throughput and

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[12] Disputes exist between the Debtors and RAC concerning the performance of RAC's obligations to collect accounts receivable.

terminalling agreements, and the Farm Marketing Group, which substantially reduced the secured debt to the Institutional Lenders, leaving NMB and Chase as the only two remaining Institutional Lenders.[13] The Plan is a joint plan of reorganization of the debtors MPI, MAF, and PFI, not a consolidated plan. Accordingly, the estates of the Debtors will not be consolidated as part of the confirmation process.

1. Sale of the Farm Marketing Group.

The Debtors completed the sale of substantially all of the assets of the FMG to RAC on January 15, 1992. Thus far, the sale has generated approximately $19.44 million in cash[14] ($7.990 million paid for fixed assets plus approximately $11.45 million representing 90% of the Estimated Adjusted Working Capital at the time of closing).[15] In addition to the cash consideration, RAC issued to MPI preferred stock having an aggregate liquidation value of $2.25 million. Finally, RAC was obligated to collect outstanding accounts receivable on behalf of MPI for a fee of $650,000. As of May 31, 1992, approximately $4.2 million in accounts receivable have been collected. Approximately $2.1 million in accounts receivable remain on the Debtors' books, of which the Debtors expect to recover approximately $1.2 million by December, 1992. In addition, the Debtors are pursuing, by litigation and other efforts, approximately $1.3 million in accounts receivable and other debts which have been outstanding on the Debtors' books for over 360 days. MPI has also received through May 31, 1992 approximately $670,000 from crop protection chemical rebates and seed returns and expects to recover approximately $200,000 in additional rebates and returns by October, 1992. In addition, the Debtors have recovered approximately $1.2 million from excluded prepaid inventory and expect to recover an additional $300,000 by October, 1992. The proceeds from the sale of the FMG, pursuant to an order of the Court dated December 20, 1991 authorizing the sale of the FMG to RAC, have been or will be applied to and in reduction of the secured claims of the Institutional Lenders and certain expenses of the sale, except that MPI is entitled to receive its expenses associated with title commitments and owner's policies, title company deposit amounts, and certain taxes, and except that $630,000 was placed in escrow with any and all rights, claims and interests of Crestar Bank, to the extent existing, valid, perfected and enforceable, attaching to the funds in escrow pending further order of the court, all without prejudice to any and all rights, claims and defenses of the Debtors and any party in interest. Specifically, $11,340,538.55 was paid on account of and in full satisfaction of the Debtors' revolving credit facility with the Institutional Lenders. Excess proceeds have been or will be applied to the Debtors' secured term loan obligations. The expenses of the sale, which aggregated approximately $1.3 million, include real estate and personal property taxes, audit fees, legal fees, mortgage filings, title searches, and other miscellaneous expenses.

A summary of the amounts the Debtors expect to realize from the sale of the FMG's assets to RAC and the collection of certain excluded current assets, such as accounts receivable, crop protection chemical rebates, seed returns and prepaid inventory, is as follows:

Description	(000)
Fixed Assets	$ 7,990
Adjusted Working Capital	13,248
Accounts Receivable (net of $650,000 collection fee)	4,750
Prepaid Inventory	1,500
CPC Rebates and Seed Returns	870
Total Cash Forecasted to be Realized	28,358

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13 Unless the context otherwise indicates or unless otherwise stated to the contrary, the term "Institutional Lenders" throughout the remainder of this disclosure statement will refer only to NMB and Chase.

14 From which $222,000 has been deducted for expenses incurred in closing the transaction, including the cost of title insurance, title commitments, surveys, property taxes, and the costs of providing notice of the sale.

15 As described in footnote 8 above, the Debtors and RAC have entered into the Settlement Agreement, pursuant to which the parties have agreed that RAC owes the Debtors an additional approximately $1,926,317 (minus certain closing adjustments of approximately $128,000).

Less: Expenses of Sale	(572)
Satisfaction of Lien -- Calhoun County Bonds	(630)
Net Cash Expected to be Realized	27,156
Plus: RAC Preferred Stock (non-cash)	2,250
Total Amount Forecasted to be Realized	$29,406

2. Sale of the Tampa Facility.

The Debtors executed the CF Contract providing for the sale of the Tampa Facility by MPI to CF for approximately $17 million in cash, of which the Debtors expected to recover approximately $16.5 in net cash proceeds at closing, plus $500,000 in escrowed funds to be released, subject to adjustments, one year from the date of closing. However, at the auction of the Tampa Facility on June 17, 1992, competitive bidding pushed up CF's final offer for the Tampa Facility to $21.6 million. The Court approved the sale of the Tampa Facility to CF for $21.6 million, which closed on July 22, 1992, at a hearing on June 19, 1992. Additional proceeds of approximately $550,000 may be realized upon the liquidation of the Heel located at the Tampa Terminal (the ownership of such inventory is currently the subject of a dispute involving the Debtors and several other parties).

The closing of the sale of the Tampa Facility took place on July 22, 1992. The proceeds of the sale (net of $500,000 in escrowed funds to be released one year after closing unless claims are made against the escrow and certain other expenses and adjustments) in the amount of $20,837,883.64 were deposited after the closing into an escrow account by the Debtors' attorneys.

Superfos is asserting a secured claim in the amount of approximately $14.7 million, as of June 30, 1992, against the assets constituting the Tampa Facility. The Plan proposes alternative treatment of Superfos' claim. The Institutional Lenders also hold liens on the Tampa Facility subordinate to Superfos.

3. Sale of the Outstanding Stock of MPI.

In connection with confirmation of the Plan, all of the stock of MPI or all of the Debtors' assets will be sold to whomever may submit the highest or best offer. The entity now appearing to be the most likely to purchase the stock is FDI, by virtue of the fact that FDI has executed a definitive contract to purchase the stock of MPI. The contract, dated as of August 21, 1992, is discussed below (the "FDI Contract"). Seminole Fertilizer Corp. ("Seminole") has indicated that it might have an interest in purchasing some portion of the businesses. Approximately one week before the FDI Contract was executed, Seminole made a preliminary proposal to the Institutional Lenders regarding the possible acquisition of certain of the assets of MPI. The Institutional Lenders declined to pursue the proposal because, among other reasons, it was not as favorable as the proposal from FDI. As of the date of this writing, the Debtors are not in a position to judge the likelihood that Seminole may eventually submit an offer.

If the stock of MPI is sold in connection with the confirmation of the Plan, the assets of MPI would include the phosphate chemical plant in Mulberry, Florida, all assets and properties used in the operation of the business (except the Tampa Terminal), all working capital, and the stock of all subsidiaries, including MAF, PFI, and PPP. If the purchaser elects to acquire assets instead of stock, the assets to be sold would include all assets and properties used in the operation of the business (except the Tampa Terminal), all working capital, all of the assets and working capital of PPP, and any remaining assets of MAF and PFI except those which are to be turned over to the Institutional Lenders under the FMG Sale Order. In the Debtors' judgment, it is most likely that a purchaser would acquire the stock of the Debtors.

As stated above, FDI is the third party other than the Institutional Lenders most likely to acquire the Debtors or their assets, by virtue of the FDI Contract which it has executed. FDI has been in contact with the Debtors concerning a possible acquisition since at least the third quarter of 1991.

FDI was incorporated under the laws of the Netherlands in 1987. Since its formation, FDI has acted principally as a holding company which has made portfolio investments in the United States and elsewhere. In this regard, in 1988, FDI, together with other participants, formed a holding company which, through a wholly-owned subsidiary, acquired the assets of the integrated phosphate division and diammonium phosphate operations of W. R. Grace & Co. located in Polk County, Florida. The participants successfully managed the operations until the middle of 1989, by which time all of the participants sold their entire interest at a substantial gain to Tosco Corporation ("Tosco").[16] In addition, FDI is the sole shareholder of Phosphates Industries, Inc., a Delaware corporation formed in 1990 to study and develop opportunities relating to the marketing of fertilizers. If FDI were to acquire the Debtors, the Debtors understand that Mr. Judas Azuelos would continue to be an indirect principal shareholder and the President of FDI. Mr. Azuelos has been the individual making the major decisions with respect to FDI's negotiations concerning an acquisition.

If the Institutional Lenders elect to submit an offer to purchase the stock or assets of the Debtors and PPP, creditors should assume that the Institutional Lenders will exercise their rights to submit a "credit bid" under Bankruptcy Code § 363(k). That section allows a secured creditor with an allowed, secured claim to offset its claim against the purchase price. Thus, the Institutional Lenders would not bid cash but would in substance bid their liens, much the same as a mortgagee is permitted to do at a foreclosure sale when the mortgagee "bids in" the property under foreclosure. Thus, the Institutional Lenders would not be required to bid cash unless and until the purchase price exceeds the amount of the secured claims of the Institutional Lenders. In the opinion of the Debtors, there is little or no likelihood that the sale price will exceed the secured claims of the Institutional Lenders.

The Plan is structured so that the Institutional Lenders may submit an offer at Confirmation of the Plan to purchase the stock or assets of the Debtors if FDI, Seminole, of another third party does not purchase the Debtors or their assets. The recovery by unsecured creditors under the Plan will be the same regardless of whether the Institutional Lenders or a third party like FDI or Seminole acquires the Debtors or their assets. In the Debtors' judgment, the Institutional Lenders are not likely to become the purchaser unless it appears that FDI will not perform its obligations under the FDI Contract. If FDI does not perform, there are no assurances that the Institutional Lenders will acquire the MPI stock and thus fund the Plan. Rather, it is more likely in that instance that the Plan would fail and the cases be converted to liquidations under chapter 7, in which event unsecured creditors would be wiped out, in the judgment of the Debtors.

Under the terms of the FDI Contract, FDI or its affiliates would infuse $13 million of working capital into the Debtors. In return for the $13 million, FDI or its affiliates will acquire all of MPI's stock and $8 million in newly issued senior subordinated debt pari passu with the subordinated debt to be issued to the Institutional Lenders under the Plan. The subordinated debt to be acquired by FDI or its affiliates will be secured by the same collateral with the same priority lien as the subordinated notes to be issued to the Institutional Lenders under the Plan.

The conditions to FDI's obligations under the FDI Contract include a requirement that FDI acquire the stock of PPP, that PPP have confirmed its plan of reorganization described above, and that the reorganized Debtors and PPP collectively have working capital of approximately $13 million after the acquisition closes and payments have been made on Confirmation to all creditors. The simultaneous sale of PPP to FDI is beneficial for MPI and its creditors.[17]

Upon the execution of the FDI Contract, FDI deposited $2 million in escrow to assure the performance of its obligations under the FDI Contract. If the conditions to FDI's obligations are satisfied and if FDI fails to close, the Debtors will retain the $2 million as liquidated damages for FDI's breach of the FDI Contract.

4. Summary of the Plan.

If FDI, Seminole, or a third party other than the Institutional Lenders acquires the Debtors in connection with confirmation of the Plan, the Plan provides that the Institutional Lenders will receive, in full satisfaction, release and discharge of their claims, all of the proceeds from the sale of the FMG, less certain amounts necessary to satisfy prior

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16. Because the Buyer has sold Seminole to Tosco, the Debtors understand that the Buyer now has no interest in or control over Seminole.

17. MPI has guaranteed the indebtedness of PPP to the Institutional Lenders. If PPP is not successfully reorganized, MPI will be liable for PPP's debts to the Institutional Lenders, thus making it unlikely that MPI could make any payment to its unsecured creditors. Thus, the Debtors believe that it is also in the interest of the Debtors' unsecured creditors that FDI or any other party also acquire PPP in a manner not making MPI liable for PPP's debts to the Institutional Lenders.

liens and encumbrances on the FMG and certain of the Debtors' fees and expenses associated with the sale of the FMG. In addition, the Institutional Lenders will receive senior secured term loan notes ("Senior Notes") in the principal amount of approximately $31 million secured by valid and perfected first mortgage liens and security interests (subject and subordinate only to certain liens and security interests specified in the Plan) in any and all of the property of the Debtors and PPP owned upon Closing, and senior subordinated term loan notes ("Subordinated Notes") in the principal amount of $13 million. Further, the Institutional Lenders will acquire warrants to purchase 20% of the stock of the reorganized MPI (the "Warrants"). In substance, the Institutional Lenders have agreed to convert $8 million of currently senior, secured debt into unsecured subordinated debt and to convert $5 million of senior, secured debt into the Warrants. Finally, the Institutional Lenders will have diluted their position by allowing FDI's $8 million in subordinated debt to be pari passu with their own subordinated debt in the reorganized MPI.

To effectuate the Plan, a date will be fixed by the Bankruptcy Court at or before the hearing on Confirmation to receive any offers for the stock or assets of the Debtors which might be a higher or better offer than the offer contained in the FDI Contract. Although unlikely in light of the "bust up fee" discussed below, the Institutional Lenders retain the right to purchase the Debtors' stock or assets. The Debtors are in no position to predict whether anyone will make an offer higher than FDI. Even if there is a higher offer, the benefits would flow to the Institutional Lenders and not to any other creditors.

In connection with the FDI Contract, the Institutional Lenders agreed to pay FDI a "bust up fee" consisting of two components. One, in an amount of up to $350,000, would be paid by the Institutional Lenders to reimburse FDI for certain of its out of pocket expenses. The second, in the amount of $2 million, would be payable by the Institutional Lenders to FDI if FDI is willing to perform under the FDI Contract but another entity purchases the Debtors with the endorsement of the Institutional Lenders. If the Institutional Lenders themselves acquire the Debtors in the "auction" to be held in connection with Confirmation of the Plan, the $2 million plus $350,000 in "bust up fees" likewise would be owing. If the Bankruptcy Court refuses to approve the FDI Contract or does not confirm the Plan, FDI would only receive up to $350,000 from the Institutional Lenders on account of FDI's expenses. The agreement concerning the "bust up" fees is complex. The foregoing is a summary only. The agreement itself governs. Interested creditors should refer to the agreement itself.

The FDI Contract provides that the estate of the Debtors would be liable to FDI for an additional $500,000 in "bust up fees" if FDI is ultimately outbid by a third party. The Debtors would not be liable if the FDI Contract were not approved or if the Plan were not confirmed.

In sum, FDI could receive "bust up fees" aggregating as much as $2,850,000 if FDI is outbid at the auction to be held in connection with Confirmation.

Regardless of whether the Institutional Lenders, FDI, Seminole, or any other third party acquires the Debtors or their assets, holders of general unsecured non-priority claims will receive at Closing[18/] $2.5 million in cash, plus the proceeds arising from the sale of miscellaneous assets to be held by the Liquidating Trust.

The distributions under the Plan to unsecured creditors and to the holders of small claims shall be in full release, discharge, and satisfaction of any and all of their claims and interests in or against the Debtors.

The Debtors shall have assumed the Co-Gen Lease. Superfos will retain its rights to the Co-Gen Lease payments from CIT pursuant to the existing agreements among Superfos, CIT, and MPI. If the Bankruptcy Court decides that the foregoing treatment is not proper or if the Debtors elect in their sole discretion, the Debtors may purchase the Co-Gen Facility from CIT at Confirmation, giving Superfos a note (the "Superfos Note") in an amount equal to the amount of Superfos' allowed, secured Claim. The Superfos Note is to be secured by a first priority lien on the Co-Gen Facility, subject and subordinate only to the lien of CIT, as discussed below.

Pursuant to the Plan, CIT will retain all of its rights under the Co-Gen Lease. MPI will cure existing payment defaults of approximately $5.312 million. In the alternative, MPI will purchase the Co-Gen Facility, and in

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18/ Closing means, generally speaking, the date after the entry of the order confirming the Plan when the Buyer closes its acquisition of the stock of MPI. Closing will take place despite any appeal from the order of Confirmation or from any order approving the FDI Contract so long as there is no stay pending appeal.

consideration therefor, CIT will (i) retain the proceeds from the Superfos LOC, (ii) receive the T Bills or their proceeds, and (iii) receive a cash payment in an amount to be agreed upon by CIT, the Debtors and the Institutional Lenders. The amount of the cash payment is expected to be approximately $1.6 million, before credit for amount paid pursuant to the agreement approved at the hearing on August 21, 1992. CIT has not agreed to sell the Co-Gen Facility to a trustee should one be appointed for MPI. As of the date of this disclosure statement, CIT and MPI had agreed in principle on the purchase of the Co-Gen Facility as described herein and in the Plan. However, no definitive purchase agreement or option agreement has been negotiated or executed.

If FDI or a third party other than the Institutional Lenders acquires the Debtors, the remainder of the funds necessary for Confirmation and the Debtor's operations thereafter will be supplied by the consideration of from the acquiror and by the accommodations to be made by the Institutional Lenders. If the Institutional Lenders acquire the Debtors or their assets, the Debtors assets and internal funds would be sufficient to make the payments required at Confirmation.

Regardless of who acquires the Debtors, certain other payments or distributions will be made after Confirmation to holders of Reclamation Claims and priority tax claims in the ordinary course of business.

The following is the Debtors' projection of the sources and applications of cash if Closing under the Plan were to occur on November 1, 1992:

PROCEEDS:		
Sale of Terminal	$20,838	(a)
Treasury Bills securing Cogen	10,700	
New Investment	13,000	
Mulberry-Beginning Cash (November 1)	(1,327)	
Piney-Beginning Cash (November 1)	(680)	
Total	$42,531	

DISBURSEMENTS:		
Cogen Purchase - CIT	$12,182	(b)
MPI Admins	5,400	(c)
MPI Unsecured Creditors	2,665	
Terminal Closing Costs	887	(d)
Piney Point Unsecured Creditors	1,400	
Piney Point Admin Fees & Taxes	500	(e)
Total Disbursements	23,034	
Restricted cash-turnarounds, etc.	$ 7,000	
Total disbursements & restricted cash	$30,034	
Excess cash	$12,497	

(a) Terminal sale proceeds:

Sale amount	$21,600
Escrowed amount	(500)
C.F. Expenses	(250)
Prorated expenses	(12)
	20,838

(b) Cogen purchase - CIT:

Purchase Cogen	$11,200
Legal Fees	382
Taxes	600
	12,182

(c) Total consists of:

Reclamation	$1,200
Professional Fees	3,800
Pre-petition taxes	1,000
Post-petition taxes	400
St. Louis Fire	550
Default Cures	50
	7,000
Amount Stretched	(1,600)
Amount Paid	$5,400

(d) Total consists of:

Pre-petition Pipeline	$265
Post-petition Pipeline	200
Port of Tampa	52
Subtotal-reimburse banks	517
C.F. insulation costs	125
Norsk repair reimburse	225
Taxes - 91	20
	$887

(e)

Total amount	$1,000
Amount Stretched	(500)
Amount Paid	$ 500

B. Classification and Treatment of Claims and Interests.

Administration and Priority Claims. Class 1 consists of all costs and expenses of administration of the chapter 11 cases and the claims of creditors entitled to priority in accordance with the provisions of 11 U.S.C. § 507, except for any priority administration Claims of the Institutional Lenders. Except for claims of the kind specified in 11 U.S.C. § 507(a)(7), allowed Class 1 Claims shall be paid in full on the Closing Date, unless the holder of such administration or priority Claim shall have agreed to a different treatment of such Claim. Holders of Claims of the kind specified in 11 U.S.C. § 507(a)(7) (certain priority tax claims) shall receive payment, with interest, in equal annual installments beginning with Closing and on each anniversary of Closing, to the maximum permitted by 11 U.S.C § 1129(a)(9)(c). In substance, priority tax claims will be stretched out for approximately four or five years, with the length of the stretchout depending upon when the taxes were assessed. The interest rate for each taxing authority will be the rate for direct obligations of the U.S. Treasury having a maturity at the time of the last installment to the taxing authority.

Secured Claims of Institutional Lenders. Class 2 shall include all allowed secured and unsecured Claims, if any, of the Institutional Lenders, except that Class 2 shall not include any secured or unsecured claims asserted by Sovran Bank, N.A. as pledgee of the common stock of RMA, which claim or claims, if allowed, shall be included in Class 3, 4 or 5. Nor shall Class 2 include Sovran's claims as landlord of the office building previously occupied by MPI in Norfolk, Virginia for pre-petition and post-petition rent and breach of lease, which, if allowed, shall be included, as may be allowed by the Court, in Class 1, 4 or 5. In full satisfaction, release, and discharge of their Class 2 Claims, the Institutional Lenders shall receive: (1) all of the proceeds, when received, from the sale of the FMG, less the amounts, if any, necessary to satisfy prior liens and encumbrances on the FMG; (2) if FDI is the Buyer, the Senior Notes, the Subordinated Notes, and the Warrants; (3) if the Buyer is a third party, including FDI, which makes an offer better than that contained in the FDI Contract, property of a value equal to the Claims of the Institutional Lenders in Class 2 or such lesser amount as the Institutional Lenders may agree in their sole discretion to accept; or (4) if the Institutional Lenders become the Buyer, the Acquired Assets, which means, generally speaking, all of the assets of the Debtors, free and clear of all liens and claims except those provided for in the Plan. The Senior Notes will be secured first liens and security interest in all of the Debtors' assets and properties, but subordinate to the first lien granted to Superfos on the Co-Gen Facility and the pre-petition liens of the Institutional Lenders. As collateral security, the Institutional Lenders will receive a pledge of the New Common Stock acquired by the Buyer. The collateral for the Institutional Lenders includes the $13 million in working capital that the Debtors are required to have upon Closing.

A term sheet summarizing the terms of the Senior Notes, the Subordinated Notes, and the Warrants is annexed as Exhibit F to the Disclosure Statement. Copies of any relevant documents, including the FDI Contract, are available for examination at the offices of counsel for the Debtors. Copies may be obtained in return for the cost of copying and shipping. The term sheet contains provisions which have the effect of forcing FDI to pay off the indebtedness owing to the Institutional Lenders from any excess cash flow, thus initially leaving little opportunity for the Buyer to profit through dividends or other means by which equity owners can enjoy the cash flow of a business. From the viewpoint of General Creditors, the practical necessity of paying off the Institutional Lenders means that any initial profits from the business will go chiefly for the benefit of the banks and not toward a return on FDI's investment.

The Plan provides that the Bankruptcy Court will establish a time, either at the hearing on Confirmation of the Plan or a few days in advance, when any party interested in acquiring the Debtors' business could submit its offer. Because of the very nature of the process, the Debtors cannot anticipate whether anyone other than FDI will make an offer and if another offer is made, what it will be. As stated above, the Institutional Lenders alone will make the decision as to whether they, FDI, or a third party will be the successful acquiror. Because all of the consideration other than the payments to other creditors will be for the benefit of the Institutional Lenders, and because the Institutional Lenders will not be paid in full in cash, the Institutional Lenders are entitled to determine who the Buyer will be. Of course, the recommendation of the Debtors and the Institutional Lenders will be reported to and subject to ultimate approval by to the Bankruptcy Court, at which time an unsuccessful bidder would presumably attempt to object if it were dissatisfied with the decision of the Institutional Lenders.

If a prospective Buyer were to make an offer which included consideration to creditors other than the Institutional Lenders greater than provided in the Plan, the Institutional Lenders would presumably object and would not permit the Debtors' stock or assets to be sold to such a purchaser. Thus, the bidding process is not intended to improve the recovery by General Creditors as provided in the Plan. Only the Institutional Lenders would directly benefit by a successful auction. Indirectly, other creditors would benefit because an improved offer to the Institutional Lenders would make consummation of the Plan more likely by virtue of the desire of the Institutional Lenders to realize the benefits of the improved offer.

Other Secured Claims. Class 3 shall include all allowed secured Claims not included in Classes 2, 6, 7 and 9. Except to the extent that the holder of a Class 3 Claim shall have agreed to a different treatment of such Claim each Class 3 Claim shall be treated as follows: (1) the Debtors may cure any defaults to the extent required by the Bankruptcy Code and reinstate the remaining debt at Closing; or (2) the Debtors may, at Closing, abandon the property securing such Class 3 Claim deficiency, if any, constituting an unsecured Claim in Class 4 or 5; or (3) the Debtors may at Closing pay the holder of such Class 3 Claim in cash the value of the property of the estate which constitutes the collateral for such Class 3 Claim, with the deficiency, if any, constituting an unsecured Claim in Class 4 of 5; or (4) the Debtors may grant at Closing the holder of such Class 3 Claim a security interest in property of the Debtors, which security interest shall have a value equal to the value of the property of the estate which constitutes the collateral for such Class 3 Claim, with the deficiency, if any, constituting an unsecured Claim under Class 4 or 5.

Small Unsecured Claims. Class 4 shall include all unsecured Claims against the Debtors that are (i) not included in Class 1 and (ii) allowed in an amount not in excess of $100 as to the aggregate Claims of any one creditor. In full satisfaction, release, and discharge of all Class 4 Claims against the Debtors, each holder of an allowed Class 4 Claim shall be paid in full upon the Closing. Any creditor whose Claim exceeds $100 may elect, prior to the close of voting on the Plan or such later date as the Debtors may designate in their sole discretion, to reduce his Claim to $100 and thereupon be included in Class 4. Creditors who wish to reduce their Claims to $100 shall do so by indicating such election on a form to be used for the purpose of acceptance of the Plan.

Unsecured creditors with claims of less than approximately $1,993 would receive larger payments on account of their claims were they to elect treatment under Class 4, assuming that the claims of General Creditors aggregate approximately $70 million and that the net proceeds of the Liquidating Trust are $1 million.

Unsecured Claims Not Entitled to Priority. Class 5 shall include allowed Claims of General Creditors and shall consist of all allowed unsecured Claims not included in Class 1, 4, 7 or 9. In full satisfaction, release, and discharge of all Class 5 Claims against the Debtors, each General Creditor shall receive pro rata distributions from (a) $2.5 million at Closing and (b) the net proceeds[19] from the liquidation of the assets conveyed at Closing to the Liquidating Trust, as set forth below, as those proceeds from time to time become available.

The terms of the Liquidating Trust shall be agreed upon and determined by the Debtors and the Committee and approved by the Bankruptcy Court, provided however, that the selection, compensation, responsibilities and liabilities of the liquidating trustee shall be determined by a majority vote of the Committee. The Debtors will, upon Closing, sell, assign, convey and transfer to the Liquidating Trust, free and clear of any and all liens, claims and encumbrances, all of the right, title and interest of the estates of the Debtors in and to the Sterling Preferred Stock, cash in an amount equal to the net proceeds from the Chesapeake Fixed Assets, 50% of the net proceeds from the collection of the aged accounts receivable of the Farm Marketing Group, any claims of the Debtors against the Norsk-Seminole Parties, and any and all claims of the Debtors under 11 U.S.C. §§ 547 and 548, with the exception of any claims against the Institutional Lenders, Berliner Handels-Und Frankfurter Bank, Sovran Bank, N.A., B.S.F.E. Banque de la Societe Financiere Europeenne, Gulf Atlantic Corporation, Wingate Creek Acquisition Corp., Nu-Gulf Industries, Inc., Erol Beker, Thomas P. O'Brien, Tectrade International Ltd., and Commodities Trading International Corp. The Plan also provides that the banks identified in the foregoing sentence will receive complete releases from any claims which the Debtors may hold against them. See page 12 for a discussion of the certain claims which would be released.

It is difficult if not impossible to value the assets to be conveyed to the Liquidating Trust. For example, the Sterling Preferred Stock, which was part of the consideration by the purchaser for the sale of the Farm Marketing Group, has a face value of $2.25 million. It is not possible to determine the market value, if any, of the securities. As to the Chesapeake Fixed Assets, the Debtors are negotiating a contract with a third party which may provide an estimated $350,000 from the sale of Chesapeake's Fixed Assets. The other assets of the Liquidating Trust, such as 50% of the net proceeds from the collection of the aged accounts receivable of the Farm Markets Group and the claims of the Debtors against the Norsk-Seminar Parties, are believed to have value, but the amount cannot be estimated because, among other reasons, there is no ready market by which to determine value with certainty and the net recovery from or outcome of litigation can never be predicted.

Solely as an example of how the Plan works, assume that the net proceeds of the Liquidating Trust are $ 1 million. Assuming also that General Claims aggregate $70 million after objections to Claims are resolved and that unsecured creditors with Claims of less than $1,993 elect to be treated in Class 4, each General Creditor would receive a distribution equal to approximately 5% of its allowed unsecured Claim.

Superfos. Class 6(A) includes all allowed Claims of Superfos, if any, which are secured by the Tampa Terminal or which arise as a result of the drawing made by CIT under the Superfos LOC. Thus, Class 6 shall not include, among other things, any Claims of Superfos arising in connection with the matters addressed in the Superfos arbitration pending on the Filing Date, which Claims shall be Claims under Class 5.

[19] All of the expenses of the Liquidating Trust will be paid from the assets of the trust.

In full satisfaction, release, and discharge of all Class 6(A) Claims against the Debtors and liens asserted against their properties, MPI shall, at or prior to Closing, have assumed the Co-Gen Lease and cured all payment defaults thereunder, and Superfos shall retain all of its rights to receive payment from CIT pursuant to the existing agreements among Superfos, CIT, and MPI. Should the foregoing be found not to satisfy the requirements of 11 U.S.C. § 1129 or should the Debtors elect in their sole discretion, MPI may at Closing purchase the Co-Gen Facility from CIT (on the terms set forth below), and Superfos shall receive at Closing a note in the principal amount equal to Superfos' allowed Class 6(A) Claim having a term of 6 years providing for interest at the rate of 1.5% above the prime rate, with principal amortized in equal annual payments on the anniversary of the Closing and with interest paid semiannually in arrears, secured by a first priority lien and security interest on the Co-Gen Facility. The Co-Gen Facility would thus be encumbered by secured debt of approximately $14.8 million, not counting the subordinated liens of the Institutional Lenders. Because the Co-Gen Facility would have been purchased for more than $23 million, the sale price indicates that the asset would have a value at Confirmation substantially greater than the debt owing to CIT. Consequently, the Debtors believe that the treatment of Superfos satisfies the requirements of the Bankruptcy Code so that Superfos' lien may be moved from the Tampa Facility or its proceeds to the Co-Gen Facility.

<u>CIT</u>. Class 6(B) shall include all of the Claims of CIT under or in connection with the Co-Gen Lease. MPI shall cure all payment defaults under the Co-Gen Lease if MPI elects not to purchase the Co-Gen Facility, and CIT shall retain all of its rights under the Co-Gen Lease.

In the event MPI purchases the Co-Gen Facility, CIT shall sell, assign and transfer the Co-Gen Facility and the Co-Gen Lease to MPI free and clear, except to the extent that CIT and MPI agree otherwise, of any and all liens, claims and encumbrances, and, in consideration for such transfer, CIT shall (i) retain the proceeds from the Superfos LOC, (ii) receive the T Bills or their proceeds, and (iii) receive additional cash in an amount to be agreed upon by the Debtors, CIT, and the Institutional Lenders. It is estimated that the additional cash payment will be approximately $1.6 million before credit is given for the payments made in accordance with the arrangement approved by the Bankruptcy Court at the hearing on August 21, 1992.

<u>Reclamation Claims</u>. Class 7 shall include all Reclamation Claims, except those Reclamation Claims asserted by those creditors that have elected pursuant to the Reclamation Order not to participate in the Reclamation Lien (the "Non-Participating Reclamation Creditors"). In full satisfaction, release, and discharge of all Class 7 Claims, each holder of an allowed Reclamation Claim shall receive payments in cash equal to the allowed amount of its allowed Class 7 Claim in four equal yearly installments paid at Closing and on the first three anniversaries of the Closing Date. Until the payment of the final installment, the holders of allowed Reclamation Claims shall retain the Reclamation Lien, which lien shall be subject and subordinate to the prior payment in full of the Subordinated Notes and all liens and security interests prior in lien to the Subordinated Notes.

Any Non-Participating Reclamation Creditor, unless it elects in writing to receive the treatment set forth in the foregoing paragraph, shall not be paid as set forth in the foregoing paragraph, but shall be classified under Class 1, 3, 4, or 5 as may be determined by the Bankruptcy Court to be the appropriate classification.

Holders of Reclamation Claims in Class 7 shall not be paid interest on their Reclamation Claims.

<u>Common Shareholders of MPI</u>. Class 8 shall include the interests of all holders of Common Stock of MPI.
At Closing, all of the Common Stock shall be deemed canceled, and the holders of Common Stock shall receive or retain no money or property on account of their interests in the Debtors.

Therefore, the holders of Common Stock should view the Plan as extinguishing their stock holdings.

<u>Interests in Subsidiaries</u>. Class 9 shall include all interest of all entities holding equity securities of PFI and MAF or asserting interests (including security interests) in equity securities of PFI, MAF, and PPP. Holders of interests in Class 9 shall neither receive nor retain any property under the Plan. Any entity asserting a security interest in the equity securities of MAF may, notwithstanding the provisions of subparagraph A of this Article, assert Claims under Class 4 or 5 on account of the debt allegedly secured by such security interest in such equity securities.

At Closing, any and all assets and property of PFI and MAF which have not been sold or conveyed as part of the sale of the FMG shall be and be deemed sold, conveyed, assigned and transferred to MPI in consideration for the agreement by MPI to provide the consideration under the Plan for the benefit of the creditors of PFI and MAF.

C. **Possible Registration Exemption**. Under an exemption provided in 11 U.S.C. § 1145(a)(1), the Debtors contend that any New Common Stock to be issued under the Plan to the Buyer and the Sterling Preferred Stock to be transferred to the Liquidating Trust may not have to be registered under federal or state security laws. In general, securities issued under a plan of reorganization confirmed by the Bankruptcy Court may be resold by the holder without registration under federal or state securities laws unless the holder is an "underwriter" with respect to the securities. The term "underwriter" is defined by §1145(b) as one who (a) purchases a claim or interest with a view to distribution of the reorganization securities to be issued in exchange therefor, (b) offers to sell reorganization securities for the holders thereof, (c) offers to buy reorganization securities with a view to distribution thereof under an agreement made in connection with the reorganization plan, or (d) is an "issuer" under Section 2(11) of the Securities Act of 1933. Anyone who may be considered an underwriter should consult his or her own counsel.

D. **Miscellaneous Provisions**. The Plan provides that, unless otherwise assumed, all executory contracts of MPI will be deemed assumed on the Closing Date. In the event that the Bankruptcy Court enters an order of confirmation but Closing does not occur, executory contracts will not have been deemed assumed to protect the interests of all concerned. The Plan also contains provisions concerning the resolution of contested Claims or interests and the retention of jurisdiction by the Bankruptcy Court. No interest will be paid or accrued with respect to any secured or unsecured Claims other than as specifically set forth in the Plan. Similarly, no interest will be paid or accrued with respect to any interests of Common Shareholders.

To the extent that employees of the Debtors may have claims, their claims would be classified, as may be appropriate, in either Class 1, 4, or 5. At this time, the Debtors have no plans to reject or modify any collective bargaining agreements.

THE FOREGOING SUMMARY OF THE PLAN ONLY HIGHLIGHTS SOME OF THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT NOR IS IT INTENDED TO BE A COMPLETE DESCRIPTION OF OR SUBSTITUTE FOR A FULL AND COMPLETE READING OF THE PLAN. ALL CREDITORS AND EQUITY HOLDERS ARE URGED TO READ THE PLAN ATTACHED HERETO CAREFULLY IN ITS ENTIRETY.

VII. THE BUSINESS AFTER CONFIRMATION: THE REORGANIZED MPI

Upon the Closing Date, the remaining operations of the reorganized MPI ("Reorganized MPI") shall be limited primarily to the operations at the Mulberry facility and its ownership of PPP. The Reorganized MPI's assets shall generally consist of the assets located at the Mulberry facility, assets of the FMG that are not acquired by the third party purchaser or conveyed to the Liquidating Trust, MPI's equity interests in PPP, and other miscellaneous assets. If the Debtors are sold to a third party buyer other than the Institutional Lenders, the liabilities of the reorganized company shall consist of the Debtors' restructured secured bank debt, the debt, if any, of the Buyer against the Debtors, the secured notes, if any, issued to CIT and/or Superfos under the Plan, claims of certain taxing authorities that will be paid over a period of four to five years, and any other secured debt which is reinstated by the Plan.

VIII. CREDITORS AND EQUITY HOLDERS ENTITLED TO VOTE

Pursuant to the Bankruptcy Code, only creditors and equity holders whose interests are impaired are entitled to vote to accept or reject the Plan. Accordingly, the following classes of Creditors and equity holders are entitled to vote on the Plan:

Class 2:	Institutional Lenders' Secured Claims
Class 5:	Unsecured Claims not Entitled to Priority
Class 6(B):	CIT[20]
Class 8:	Common Shareholders of MPI
Class 9:	Interests in Subsidiaries

A creditor is entitled to vote provided that (i) its Claim has been scheduled by MPI and such Claim is not scheduled as disputed, contingent or unliquidated; (ii) a creditor has filed a proof of claim and no objection to the allowance of such Claim is pending on or before the last day for voting on the Plan; or (iii) the Bankruptcy Court temporarily allows the disputed claim for voting purposes after notice and a hearing under Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

[20] Classes 6(A) and 6(B) are separate classes, and, if entitled to vote, would vote separately. Under the Plan, however, Class 6(A) is not impaired. Thus, Superfos does not vote. CIT, on the other hand, may be impaired and entitled to vote depending on which alternative treatment MPI elects for CIT.

A Common Shareholder is entitled to vote if, as of the date this Disclosure Statement was approved, (a) he or she is a holder of record of the Common Stock, or (b) he or she has filed a proof of interest and is a beneficial owner of such securities on such date. No Common Shareholder however, may vote to accept or reject the Plan if his or her equity interest has been disallowed for voting purposes by the Bankruptcy Court.

IX. PROCEDURES FOR ACCEPTANCE AND CONFIRMATION OF THE PLAN

A. **Voting Procedures**. A ballot to be used for voting your acceptance or rejection of the Plan has been mailed to you together with this disclosure statement. Any creditor or equity security holder who is entitled to vote as set forth in Section III herein should execute the ballot and transmit it to Fulbright & Jaworski, counsel for the Debtors, 666 Fifth Avenue, New York, New York 10103, Attn: William J. Rochelle, III, in the envelope enclosed with your ballot.

FOR YOUR VOTE TO BE COUNTED FOR OR AGAINST THE PLAN, YOUR BALLOT MUST BE RECEIVED BY COUNSEL FOR MPI NO LATER THAN OCTOBER 30, 1992.

YOUR VOTE IS IMPORTANT!

B. **Hearing on Confirmation**. The Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan for November 10, 1992 at 9:00 a.m. before the Honorable Alexander L. Paskay, Chief United States Bankruptcy Judge, in Courtroom 210, United States Bankruptcy Court, 4921 Memorial Highway, Tampa, Florida 33634. The hearing may be adjourned from time to time by the Bankruptcy Court without notice to parties in interest other than an announcement of the adjourned date or dates at the hearing or adjourned hearing or a notation on the Court's docket. At the confirmation hearing or an adjournment thereof, MPI will offer evidence to satisfy the requirements of 11 U.S.C § 1129, which include, among other things, satisfying the conditions and prerequisites to confirmation set forth in Section IX below.

C. **Objections to Confirmation**. Objections to confirmation of the Plan, if any, must be in writing and must be filed with the Bankruptcy Court and personally served on the attorneys for the Debtors, at the address below, on or before October 30, 1992:

Fulbright & Jaworski
Attorneys for the Debtors
666 Fifth Avenue
New York, New York 10103
Attn: William J. Rochelle, III

Objections to confirmation are governed by and must be in the form prescribed in Rule 4004 of the Federal Rules of Bankruptcy Procedure.

X. CONDITIONS AND PREREQUISITES TO CONFIRMATION

Each impaired class of creditors and equity holders votes separately and each class must accept the Plan. Acceptance shall be determined as follows:

Creditors shall have accepted the Plan if not less than two-thirds (2/3) in amount and more than one-half (1/2) in number of all voting Claims in each class have voted to accept the Plan.

Common Shareholders shall have accepted the Plan if holders of not less than two-thirds (2/3) in amount of Common Stock voting on the Plan has voted to accept the Plan.

In the event creditors or Common Shareholders do not accept the Plan, the Debtors must demonstrate to the Bankruptcy Court with respect to each such dissenting class that either (a) each creditor or Common Shareholder receives or retains under the Plan property of a value equal to the amount of its allowed Claim or interest; or (b) the holders of Claims or interests will receive more under the Plan than through a liquidation and no creditors or equity holders that are junior to the Claims or interests of the dissenting class will receive or retain any property under the Plan.

The Plan must satisfy the other requirements in 11 U.S.C. § 1129, including the requirement of feasibility under Section 1129(a)(11). Generally, feasibility means that there must be a reasonable likelihood that the Plan can be carried out according to its terms and that confirmation will not be followed by liquidation or the need for further financial reorganization. The Debtors believe that the Plan will satisfy the requirements under Section 1129. No assurance can be given, however, that the Bankruptcy Court will accept the Debtors' conclusion.

XI. IMPEDIMENTS TO CONFIRMATION

There are major hurdles to overcome before the Debtors can confirm the Plan. The principal obstacles at this time appear to include the uncertainty with respect to the Debtors' ability to confirm the Plan over the expected objection of Superfos.

The Plan can be confirmed over a negative vote by Superfos only if the Debtors are able to prove, among other things, that Superfos is not impaired, meaning that the property that Superfos will receive or retain (1) have value that is not less than what Superfos would receive or retain if MPI were to be liquidated under chapter 7 of the Bankruptcy Code, and (2) constitute the "indubitable equivalent" of Superfos's secured claims pursuant to Bankruptcy Code § 1129(b)(2)(A)(iii). The Debtors believe that the treatment of Superfos meets the requirements of the Bankruptcy Code.

XII. SELECTED FINANCIAL INFORMATION

A. **Historical Financial Information.** The Debtors' Consolidated Financial Statements for the years ended December 31, 1988 and 1989 are annexed hereto and made part hereof as Exhibit B. MPI and Subsidiaries Consolidated Results of Operations for the years ending December 31, 1990 and December 31, 1991 are annexed hereto and made part hereof as Exhibit C. MPI and Subsidiaries Consolidated Results of Operations for the period ended April 30, 1992, are annexed hereto and made a part hereof as Exhibit D. A graph entitled "U.S. Export DAP Spot Price History compared to Phosphate Production January 1, 1982 through September 1, 1991" is annexed hereto as Exhibit E.

B. **Feasibility, Reorganized MPI and Other Information.**

1. General. As a condition to confirmation, the Bankruptcy Code requires that confirmation is not likely to be followed by the liquidation of the reorganized debtor or the need for further financial reorganization. To determine whether the Plan meets this feasibility standard, the Reorganized MPI has analyzed its ability to meet its obligations under the Plan while retaining a sufficient amount of cash to carry on its operations. As part of this analysis, the Debtors prepared certain financial statements and related information regarding the Debtors' current and forecasted future financial performance.

The financial information has been prepared on the basis of generally accepted accounting principles used or expected to be used by the Reorganized MPI during the relevant periods. This pro forma and forward-looking financial information has been prepared by management solely for purposes of evaluating the Plan's feasibility based upon its present assets and businesses.

It is the Reorganized MPI's policy not to make public any financial projections or similar forward-looking information. Accordingly, it does not intend to use any such information for any purpose other than discussion on Plan feasibility in this Disclosure Statement.

The Reorganized MPI's financial statements and related information included in this Disclosure Statement include (i) an unaudited post-confirmation beginning balance sheet, and (ii) pro forma unaudited forecasts of income statements for the years 1992 through 1998 which reflect forecasted net income depending upon variable average annual DAP sales price per ton. These unaudited forecasts of income statements assume that the Plan is consummated and take into consideration as the sole variable the impact that fluctuating DAP sales prices have on Reorganized MPI's net income. These pro forma forecasts of income statements have been included in the Disclosure Statement for the sole purpose of assisting the reader to independently evaluate the reorganized MPI's future financial performance given the uncertainty of a fluctuating DAP sales market. In addition, also set forth below is certain information regarding the historical market prices of DAP.

2. Historical Review of the DAP Market. The Reorganized MPI's future is significantly impacted by fluctuating DAP market prices. The prices obtainable by the Debtors for DAP have historically been extremely volatile and are affected by the strength or weakness of the worldwide fertilizer market and by such factors as raw material costs, the relative value of the U.S. dollar, governmental subsidies, and foreign exchange and import barriers.

To illustrate the difficulty in evaluating the Reorganized MPI's prospects, the following table summarizes the annual high and low DAP spot market sales prices, FOB vessel. The source of this information is the Blue Book published by International Chemical Company dated September 1, 1991, as updated through July 20, 1992 to reflect subsequent prices. Prices quoted have been converted from metric tons to short tons using a conversion rate of 1.1023 metric tons equals 1.0 short tons. See also Exhibit E hereto entitled "U.S. Export DAP Spot Price History Compared to Phosphate Production."

Years	High ($)	Low ($)
1992	147.00	124.28
1991	166.93	138.00
1990	170.55	129.73
1989	178.72	131.54
1988	190.51	158.76
1987	179.62	129.73
1986	162.39	114.30
1985	157.85	145.15
1984	191.42	159.66

In addition to price volatility of DAP and international industry conditions, the Reorganized MPI's financial results are subject to the effects of its ability to obtain raw materials, including phosphate rock, its ability to service its debt and other working capital needs, and generally its ability to operate its businesses despite relatively unfavorable market conditions.

3. Pro Forma Beginning Balance Sheet. Set forth below is a pro forma beginning balance sheet of the Reorganized MPI and PPP showing the effect of consummation of the Plan, which includes the purchase of the Acquired Assets by FDI, the restructuring of the Debtors' debt, the purchase of the Co-Gen Facility and the distribution of certain of the Debtors' assets to creditors in satisfaction of claims. Since the conditions to FDI's obligations under the FDI Contract include a requirement that FDI acquire the stock of PPP, that PPP have confirmed its plan of reorganization described above and that the reorganized Debtors and PPP collectively have working capital of approximately $13.5 million and the acquisition closes and payments have been made on confirmation to all creditors, PPP's pro-forma beginning balance sheet has been included.

REORGANIZED MPI AND PPP

Post-Confirmation Beginning Balance Sheet
Reflecting Purchase of the Acquired Assets by FDI
November 1, 1992
(000)

	MPI	PPP	TOTAL
ASSETS			
Current Assets:			
Cash(a)	$10,664	$8,833	$19,497
Trade Accounts Receivable(b)	330	25	355
FMG Receivables	360		360
Terminal Holdback	500		500
Other Receivables	950	25	975
Inventories(c)	4,199	1,650	5,849
Prepaids	185	100	285
Ammtrans Profit Split	500		500
Deposits	510		510
Total Current Assets	$18,198	$10,633	$28,831
Fixed Assets(d)	6,245	12,641	18,886
Co-Gen Facility(e)	26,200		26,200
Miscellaneous Noncurrent Assets	300		300
Total Noncurrent Assets	$32,745	$12,641	$45,386
Total Assets	$50,943	$23,274	$74,217
LIABILITIES AND EQUITY			
Current Liabilities:			
Trade Payables & Accrued Liabilities(f)	1,877	250	2,127
Bank Term Debt - Current (g)	1,875	1,125	3,000
Superfos Note - Current (h)	2,333		2,333
Reclamations Claims - Current	300		300
Tax Claims - Current	172	125	297
Total Current Liabilities	6,557	1,500	8,057
Bank Term Debt	16,875	10,125	27,000
Subordinated Term Debt (i)			
• Banks	8,125	4,875	13,000
• Investor	4,062	3,938	8,000
Superfos Note - Long Term	11,667		11,667
Reclamations Claims - Long Term	600	0	600
Tax Claims - Long Term	518	375	893
Common Stock and Paid In Capital(j)	2,539	2,461	5,000
TOTAL LIABILITIES & EQUITY	$50,943	$23,274	$74,217

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Footnotes to Reorganized MPI's Post-Confirmation Beginning Balance Sheet Reflecting the Purchase of the Acquired Assets by FDI and the Restructuring of Debt Pursuant to the Terms of the Disclosure Statement

The Post-Confirmation Beginning Balance Sheet has been prepared by management solely for purposes of evaluating the Plan's feasibility based upon the Debtors' present assets and businesses and taking into consideration the purchase of the acqured assets by FDI, the purchase of the Co-Gen Facility by the Debtors and the restructuring of debt and distribution of certain assets of the Debtors' to its creditors in satisfaction of claims and pursuant to the terms of the Disclosure Statement. The Post-Confirmation Beginning Balance Sheet reflects the elements of the Debtors' plan of reorganization as provided in this disclosure statement and assumes confirmation of the Debtors' plan.

(a) Includes $2.5 million and $1.5 million dedicated for immediate turnaround of the MPI and PPP facilities respectively. Also includes $3.0 million dedicated for increasing the DAP manufacturing capacity of the PPP facility which the Buyer has indicated is necessary to insure the future financial viability of PPP.

(b) The Trade Accounts Receivables include only the net amount of those trade receivables forecasted by the Debtors to be collected and for which no prior escrow account has been established.

(c) Analysis of Inventory:

	MPI	PPP	TOTAL
DAP	$117,000	—	$117,000
Raw Materials and Prepaid Inventory	893,000	$100,000	993,000
Spare Parts	1,639,000	1,550,000	3,189,000
Sub-Total	$2,649,000	$1,650,000	4,299,000
Chesapeake -	1,550,000	—	1,550,000
Total	$4,199,000	$1,650,000	$5,849,000

For purposes of presentation of the Post-Confirmation Beginning Balance Sheet, it is assumed that the Chesapeake Facility will be sold and that its inventory will be included in the sale as part of that transaction.

(d) For purposes of the Post-Confirmation Beginning Balance Sheet, an appraisal as to the value of the Fixed Assets was not obtained by the Debtors nor PPP The value for Fixed Assets reflected in the Debtors and PPP's Post-Confirmation Beginning Balance Sheet is premised upon management's opinion as to the current fair market value of those assets given the current status of the depressed DAP market, the operating conditions of the facilities which have substantially deteriorated as a result of deferred maintenance, the purchase offer made by FDI and discussions with other potential purchasers.

(e) The Beginning Balance Sheet has been prepared on the assumption that the Co-Gen Facility has or will be purchased by the Debtors from C.I.T. at Confirmation and reflects the following purchase price: (1) release of the Co-Gen Escrow Fund ($10.7 million); (2) cash payment to C.I.T. ($1.5 million); and (3) a secured note to be issued to Superfos ($14.0 million).

(f) Excludes interest payable and accrued interest payable that is owed to the Institutional Lenders and which will not be paid pursuant to plan.

(g) The Secured Bank Debt is $30 million. As of the date of this Disclosure Statement, the Institutional Lenders have not finalized the allocation of this $30 million note amount between MPI and PPP. Since the debt is secured by all of the assets of both MPI and PPP, the post-confirmation beginning balances reflect the approximate ratio of MPI and PPP's current secured bank debt to total secured bank debt, respectively. The Secured Bank Debt is assumed to be amortized over 10 years with principal and interest payments due quarterly and a bullet payment due at the end of year 7. Interest expense is prime rate plus 1.5 percent during the first 18 months and then increased to prime rate plus 2 percent thereafter.

(h) In connection with the secured note to be issued to Superfos, for purposes of the Post Confirmation Beginning Balance Sheet it is assumed that the note will be in the principal amount of $14 million, with principal to be amortized over a term of six years with equal annual payments on the anniversary of the Closing. It is also assumed that this note will have an interest rate of prime plus 1.5 percent with interest paid semi-annually in arrears.

(i) The Subordinated Bank Debt and the Investor Subordinated Debt aggregate $21.0 million. As of the date of this Disclosure Statement, neither the Institutional Lenders nor the Investor have finalized the allocation of this debt between MPI and PPP. In connection with Subordinated Bank Debt, the Post-Confirmation Beginning Balance Sheet has been allocated on a basis which reflects the approximate ratio of MPI's and PPP's current debt structure. In connection with Investor Subordinated Debt, the allocation of the $8 million investor note amount takes into consideration the planned capital expenditures to be made by the Investor (which may not occur). In connection with both the Subordinated Bank Debt and the Investor Subordinated Debt, it is assumed that the principal is to be paid in three equal payments, beginning in years 8, 9, and 10. Interest on the notes will be paid semi-annually at an interest rate of prime plus 2.5 percent.

(j) Warrants to purchase 20% of the stock of the Reorganized MPI are to be issued to the Institutional Lenders. Such warrants have not been valued for purposes of the Post-Confirmation Beginning Balance Sheet.

4. Pro Forma Financial Forecasts – An Evaluation of the Impact of Fluctuating DAP Sales Price on Reorganized MPI's Net Income. In the following pro forma forecasted income statements, DAP sales price is the only variable which fluctuates. The purpose of the pro forma income statements is to demonstrate to the reader the impact that improved DAP sales prices will have upon Reorganized MPI's net income and its ability to service debt.[21] The pro forma income statements have been prepared and incorporated in this Disclosure Statement for the sole purpose of demonstrating the impact that changes in DAP sales price have on the Reorganized MPI's ability to generate net income and service its debt. These pro forma income statements are premised upon the assumption that FDI will purchase the Acquired Assets of the Reorganized MPI pursuant to the terms of the FDI Contract and that the Reorganized MPI's debt structure is consistent with the debt as described in this Disclosure Statement. Finally, these pro forma income statements do not include any financial information regarding the operation and debt structure of the Reorganized MPI's wholly owned subsidiary, PPP, nor do they take into consideration the operations of the Debtors' facilities in Chesapeake, Virginia, which the Debtors are currently marketing for sale.

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[21] Since fiscal year 1987, DAP production costs have remained relatively constant. See Exhibit E hereto.

Reorganized MPI (Excluding PPP)
Post-Confirmation
Pro Forma Forecasted Income Statements
1992 - 1998
($000's)

		1992	1993	1994	1995	1996	1997	1998	TOTAL
Net Sales	$120/s.ton*	14,400	86,400	86,400	86,400	86,400	86,400	86,400	532,800
Cost of Sales		15,686	92,633	92,828	93,507	94,396	95,332	96,316	580,698
Gross Margin		(1,286)	(6,233)	(6,428)	(7,107)	(7,996)	(8,932)	(9,916)	(47,898)
Gross Margin %		-8.93%	-7.21%	-7.44%	-8.23%	-9.25%	-10.34%	-11.48%	-8.99%
S, G & A Expenses		1,460	3,090	3,152	3,190	3,327	3,471	3,600	21,290
Operating Income		(2,746)	(9,323)	(9,580)	(10,297)	(11,323)	(12,403)	(13,515)	(69,188)
Interest Income		0	0	0	0	0	0	0	0
Interest Expense		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Sundry - Net		0	0	0	0	0	0	0	0
Net Other		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Earn. Before Taxes		(3,328)	(12,675)	(12,654)	(13,083)	(13,784)	(14,539)	(15,326)	(85,389)
Income Tax Exp. (Ben.)		0	0	0	0	0	0	0	0
Net Income (Loss)		(3,328)	(12,675)	(12,654)	(13,083)	(13,784)	(14,539)	(15,326)	(85,389)
Noncash Items		807	4,725	4,328	4,041	3,866	3,692	3,517	24,976
Pre-Tax Cash Income (Loss)		(2,521)	(7,950)	(8,326)	(9,042)	(9,918)	(10,848)	(11,810)	(60,413)

* At July 20, 1992, the price of DAP was $124.28 per short ton.

Amortization of Secured Debt

	1992	1993	1994	1995	1996	1997	1998	TOTAL
Payment of Secured Bank Debt	-	1,875	1,875	1,875	1,875	1,875	1,875	11,250
Payment of Subordinated Bank Debt	-	-	-	-	-	-	-	-
Payment of Investor Subordinated Debt	-	-	-	-	-	-	-	-
Payment of Superfos Note	-	2,333	2,333	2,333	2,333	2,333	2,334	14,000
Payment of Reclamation Claims	-	300	300	300	-	-	-	900
Payment of Tax Claims	-	172	172	173	173	-	-	690

Reorganized MPI (Excluding PPP)
Post-Confirmation
Pro Forma Income Statements
1992 - 1998
($000's)

		1992	1993	1994	1995	1996	1997	1998	TOTAL
Net Sales	@ $125/s.ton*	15,000	90,000	90,000	90,000	90,000	90,000	90,000	555,000
Cost of Sales		15,686	92,633	92,828	93,507	95,396	96,332	96,316	580,698
Gross Margin		(686)	(2,633)	(2,828)	(3,507)	(4,396)	(5,332)	(6,316)	(25,698)
Gross Margin %		-4.58%	-2.93%	-3.14%	-3.90%	-4.88%	-5.92%	-7.02%	-4.63%
S, G & A Expenses		1,460	3,090	3,152	3,190	3,327	3,471	3,600	21,290
Operating Income		(2,146)	(5,723)	(5,980)	(6,697)	(7,723)	(8,803)	(9,915)	(46,988)
Interest Income		0	0	0	0	0	0	0	0
Interest Expense		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Sundry - Net		0	0	0	0	0	0	0	0
Net Other		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Earn. Before Taxes		(2,728)	(9,075)	(9,054)	(9,483)	(10,184)	(10,939)	(11,726)	(63,189)
Income Tax Exp. (Ben.)		0	0	0	0	0	0	0	0
Net Income (Loss)		(2,728)	(9,075)	(9,054)	(9,483)	(10,184)	(10,939)	(11,726)	(63,189)
Noncash Items		807	4,725	4,328	4,041	3,866	3,692	3,517	24,976
Pre-Tax Cash Income (Loss)		(1,921)	(4,350)	(4,726)	(5,442)	(6,318)	(7,248)	(8,210)	(38,213)

* At July 20, 1992, the price of DAP was $124.28 per short ton.

Amortization of Secured Debt

	1992	1993	1994	1995	1996	1997	1998	TOTAL
Payment of Secured Bank Debt	-	1,875	1,875	1,875	1,875	1,875	1,875	11,250
Payment of Subordinated Bank Debt	-	-	-	-	-	-	-	-
Payment of Investor Subordinated Debt	-	-	-	-	-	-	-	-
Payment of Superfos Note	-	2,333	2,333	2,333	2,333	2,333	2,334	14,000
Payment of Reclamation Claims	-	300	300	300	-	-	-	900
Payment of Tax Claims	-	172	172	173	173	-	-	690

Reorganized MPI (Excluding PPP)
Post-Confirmation
Pro Forma Income Statements
1992 - 1998
($000's)

		1992	1993	1994	1995	1996	1997	1998	TOTAL
Net Sales	@ $135/s.ton*	16,200	97,200	97,200	97,200	97,200	97,200	97,200	599,400
Cost of Sales		15,686	92,633	92,828	93,507	94,396	95,332	95,316	580,698
Gross Margin		514	4,567	4,372	3,693	2,804	1,868	884	18,702
Gross Margin %		3.17%	4.70%	4.50%	3.80%	2.88%	1.92%	0.91%	3.12%
S, G & A Expenses		1,460	3,090	3,152	3,190	3,327	3,471	3,600	21,290
Operating Income		(946)	1,477	1,220	503	(523)	(1,603)	(2,715)	(2,588)
Interest Income		0	0	0	0	0	0	0	0
Interest Expense		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Sundry - Net		0	0	0	0	0	0	0	0
Net Other		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Earn. Before Taxes		(1,528)	(1,875)	(1,854)	(2,283)	(2,984)	(3,739)	(4,526)	(18,789)
Income Tax Exp. (Ben.)		0	0	0	0	0	0	0	0
Net Income (Loss)		(1,528)	(1,875)	(1,854)	(2,283)	(2,984)	(3,739)	(4,526)	(18,789)
Noncash Items		807	4,725	4,328	4,041	3,866	3,692	3,517	24,976
Pre-Tax Cash Income (Loss)		(721)	2,850	2,474	1,758	882	(48)	(1,010)	6,185

* At July 20, 1992, the price of DAP was $124.28 per short ton.

Amortization of Secured Debt

Payment of Secured Bank Debt	-	1,875	1,875	1,875	1,875	1,875	1,875	11,250
Payment of Subordinated Bank Debt	-	-	-	-	-	-	-	-
Payment of Investor Subordinated Debt	-	-	-	-	-	-	-	-
Payment of Superfos Note	-	2,333	2,333	2,333	2,333	2,333	2,334	14,000
Payment of Reclamation Claims	-	300	300	300	-	-	-	900
Payment of Tax Claims	-	172	172	173	173	-	-	690

Reorganized MPI (Excluding PPP)
Post-Confirmation
Pro Forma Income Statements
1992 - 1998
($000's)

		1992	1993	1994	1995	1996	1997	1998	TOTAL
Net Sales	@ $145/s.ton*	17,400	104,400	104,400	104,400	104,400	104,400	104,400	643,800
Cost of Sales		15,686	92,633	92,828	93,507	94,396	95,332	96,316	580,698
Gross Margin		1,714	11,767	11,572	10,893	10,004	9,068	8,084	63,102
Gross Margin %		9.85%	11.27%	11.08%	10.43%	9.58%	8.69%	7.74%	9.80%
S, G & A Expenses		1,460	3,090	3,152	3,190	3,327	3,471	3,600	21,290
Operating Income		254	8,677	8,420	7,703	6,677	5,397	4,485	41,812
Interest Income		0	0	0	0	0	0	0	0
Interest Expense		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Sundry - Net		0	0	0	0	0	0	0	0
Net Other		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Earn. Before Taxes		(328)	5,325	5,346	4,917	4,216	3,461	2,674	25,611
Income Tax Exp. (Ben.)		0	1,830	1,839	1,667	1,386	1,084	760	8,576
Net Income (Loss)		(328)	3,495	3,508	3,250	2,830	2,376	1,904	17,035
Noncash Items		807	4,725	4,328	4,041	3,866	3,692	3,517	24,976
Pre-Tax Cash Income (Loss)		479	8,220	7,835	7,292	6,696	6,065	5,421	42,011

* At July 20, 1992, the price of DAP was $124.28 per short ton.

Amortization of Secured Debt

	1992	1993	1994	1995	1996	1997	1998	TOTAL
Payment of Secured Bank Debt	-	1,875	1,875	1,875	1,875	1,875	1,875	11,250
Payment of Subordinated Bank Debt	-	-	-	-	-	-	-	-
Payment of Investor Subordinated Debt	-	-	-	-	-	-	-	-
Payment of Superfos Note	-	2,333	2,333	2,333	2,333	2,333	2,334	14,000
Payment of Reclamation Claims	-	300	300	300	-	-	-	900
Payment of Tax Claims	-	172	172	173	173	-	-	690

Reorganized MPI (Excluding PPP)
Post-Confirmation
Pro Forma Income Statements
1992 - 1998
($000's)

		1992	1993	1994	1995	1996	1997	1998	TOTAL
Net Sales	@ $155/s.ton*	18,600	111,600	111,600	111,600	111,600	111,600	111,600	688,200
Cost of Sales		15,686	92,633	92,828	93,507	94,396	95,332	96,316	580,698
Gross Margin		2,914	18,967	18,772	18,093	17,204	16,268	15,284	107,502
Gross Margin %		15.66%	17.00%	16.82%	16.21%	15.42%	14.58%	13.70%	15.62%
S, G & A Expenses		1,460	3,090	3,152	3,190	3,327	3,471	3,600	21,290
Operating Income		1,454	15,877	15,620	14,903	13,877	12,797	11,685	86,212
Interest Income		0	0	0	0	0	0	0	0
Interest Expense		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Sundry - Net		0	0	0	0	0	0	0	0
Net Other		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Earn. Before Taxes		872	12,525	12,546	12,117	11,416	10,661	9,874	70,011
Income Tax Exp. (Ben.)		49	4,710	4,719	4,547	4,266	3,964	3,649	25,904
Net Income (Loss)		823	7,815	7,828	7,570	7,150	6,696	6,224	44,107
Noncash Items		807	4,725	4,328	4,041	3,866	3,692	3,517	24,976
Pre-Tax Cash Income (Loss)		1,631	12,540	12,155	11,612	11,016	10,368	9,741	69,082

* At July 20, 1992, the price of DAP was $124.28 per short ton.

Amortization of Secured Debt

	1992	1993	1994	1995	1996	1997	1998	TOTAL
Payment of Secured Bank Debt	-	1,875	1,875	1,875	1,875	1,875	1,875	11,250
Payment of Subordinated Bank Debt	-	-	-	-	-	-	-	-
Payment of Investor Subordinated Debt	-	-	-	-	-	-	-	-
Payment of Superfos Note	-	2,333	2,333	2,333	2,333	2,333	2,334	14,000
Payment of Reclamation Claims	-	300	300	300	-	-	-	900
Payment of Tax Claims	-	172	172	173	173	-	-	690

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Reorganized MPI (Excluding PPP)
Post-Confirmation
Pro Forma Income Statements
1992 - 1998
($000's)

		1992	1993	1994	1995	1996	1997	1998	TOTAL
Net Sales	@ $165/s.ton*	19,800	118,800	118,800	118,800	118,800	118,800	118,800	732,600
Cost of Sales		15,686	92,633	92,828	93,507	94,396	95,332	96,316	580,698
Gross Margin		4,114	26,167	25,972	25,293	24,404	23,468	22,484	151,902
Gross Margin %		20.78%	22.03%	21.86%	21.29%	20.54%	19.75%	18.93%	20.73%
S, G & A Expenses		1,460	3,090	3,152	3,190	3,327	3,471	3,600	21,290
Operating Income		2,654	23,077	22,820	22,103	21,077	19,997	18,885	130,612
Interest Income		0	0	0	0	0	0	0	0
Interest Expense		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Sundry - Net		0	0	0	0	0	0	0	0
Net Other		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Earn. Before Taxes		2,072	19,725	19,746	19,317	18,616	17,861	17,074	114,411
Income Tax Exp. (Ben.)		529	7,590	7,599	7,427	7,146	6,844	6,529	43,664
Net Income (Loss)		1,543	12,135	12,148	11,890	11,470	11,016	10,544	70,747
Noncash Items		807	4,725	4,328	4,041	3,866	3,692	3,517	24,976
Pre-Tax Cash Income (Loss)		2,351	16,860	16,475	15,932	15,336	14,708	14,061	95,722

* At July 20, 1992, the price of DAP was $124.28 per short ton.

Amortization of Secured Debt

	1992	1993	1994	1995	1996	1997	1998	TOTAL
Payment of Secured Bank Debt	-	1,875	1,875	1,875	1,875	1,875	1,875	11,250
Payment of Subordinated Bank Debt	-	-	-	-	-	-	-	-
Payment of Investor Subordinated Debt	-	-	-	-	-	-	-	-
Payment of Superfos Note	-	2,333	2,333	2,333	2,333	2,333	2,334	14,000
Payment of Reclamation Claims	-	300	300	300	-	-	-	900
Payment of Tax Claims	-	172	172	173	173	-	-	690

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Reorganized MPI (Excluding PPP)
Post-Confirmation
Pro Forma Income Statements
1992 - 1998
($000's)

		1992	1993	1994	1995	1996	1997	1998	TOTAL
Net Sales	$175/s.ton*	21,000	126,000	126,000	126,000	126,000	126,000	126,000	777,000
Cost of Sales		15,686	92,633	92,828	93,507	94,396	95,332	96,316	580,698
Gross Margin		5,314	33,367	33,172	32,493	31,604	30,668	29,684	196,302
Gross Margin %		25.30%	26.48%	26.33%	25.79%	25.08%	24.34%	23.56%	25.26%
S, G & A Expenses		1,460	3,090	3,152	3,190	3,327	3,471	3,600	21,290
Operating Income		3,854	30,277	30,020	29,303	28,277	27,197	26,085	175,012
Interest Income		0	0	0	0	0	0	0	0
Interest Expense		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Sundry - Net		0	0	0	0	0	0	0	0
Net Other		(582)	(3,352)	(3,073)	(2,786)	(2,461)	(2,136)	(1,811)	(16,201)
Earn. Before Taxes		3,272	26,925	26,946	26,517	25,816	25,061	24,274	158,811
Income Tax Exp. (Ben.)		1,009	10,470	10,479	10,307	10,026	9,724	9,409	61,424
Net Income (Loss)		2,263	16,455	16,468	16,210	15,790	15,336	14,864	97,387
Noncash Items		807	4,725	4,328	4,041	3,866	3,692	3,517	24,976
Pre-Tax Cash Income (Loss)		3,071	21,180	20,795	20,252	19,656	19,028	18,381	122,362

* At July 20, 1992, the price of DAP was $124.28 per short ton.

Amortization of Secured Debt

	1992	1993	1994	1995	1996	1997	1998	TOTAL
Payment of Secured Bank Debt	-	1,875	1,875	1,875	1,875	1,875	1,875	11,250
Payment of Subordinated Bank Debt	-	-	-	-	-	-	-	-
Payment of Investor Subordinated Debt	-	-	-	-	-	-	-	-
Payment of Superfos Note	-	2,333	2,333	2,333	2,333	2,333	2,334	14,000
Payment of Reclamation Claims	-	300	300	300	-	-	-	900
Payment of Tax Claims	-	172	172	173	173	-	-	690

(a) Assumptions

The following assumptions were utilized:

(1) The 1992 forecast is premised upon part-year (2 month) performance. The sales price per short ton includes freight costs to port.

(2) Raw Material Costs (per ton) are constant for every year. Raw Material Cost assumptions were premised upon July, 1992 actual raw material costs.

(a)	Sulfur	$ 73.70
(b)	Rock	$ 26.18
(c)	Ammonia	$ 103.50
(d)	S/Acid	$ 26.72

(3) The Chesapeake results of business operations are not included since the Chesapeake facility is expected to be sold by the Debtors in 1992.

(4) Salary increased six percent (6%) annually.

(5) Maintenance labor, operating and overhead labor, and benefits were increased five percent (5%) annually.

(6) Power purchases and electric power sales are based on the purchasing of all power needs from TEC and the sales of all electricity generated to FP&L under the FP&L Agreement.

(7) Other expenses increase five percent (5%) annually excluding insurance and utilities from base year.

(8) Turnaround is estimated at $2.5 million for 1992 and $2.0 million every 18 months thereafter. Turnaround expenses are capitalized and amortized over 18 months.

(9) Other capital expense are estimated at $500,000 annually and depreciated on the straight line method over ten years.

(10) The Reorganized MPI's net operating loss carryforward will approximate $25 million after recognition of Internal Revenue Code Section 108 cancellation of indebtedness income and gains from the sale of the Farm Marketing Group's assets and the Tampa Terminal. It should be noted, however, that the utilization of the Reorganized MPI's net operating loss carryforward may be substantially limited as a result of the application of Internal Revenue Code Section 382. For purposes of these financial forecasts, the forecasts reflect a $300,000 per year benefit that may result from the utilization of the Reorganized MPI's net operating loss carryforwards.

(11) Production and sales will approximate 60,000 ST per month or approximately 720,000 ST annually.

(12) Tax rate utilized is forty percent (40%).

(13) The Secured Bank Debt is forecasted to aggregate $30.0 million for both Reorganized MPI and PPP. For purposes of these pro forma forecasted financial statements, it is assumed that $18.75 million of the aggregate $30 million Secured Bank Debt is allocable to the Reorganized MPI. In addition, for purposes of these pro forma forecasted financial statements it is assumed that the Reorganized MPI's Secured Bank Debt is to be amortized over ten years with principal and interest payments due quarterly and a bullet payment due at the end of year 7. Interest expense is prime rate plus 1.5 percent during the first 18 months and then prime rate plus 2 percent thereafter.

The Subordinated Bank Debt and the Investor Subordinated Debt are forecasted to aggregate $21.0 million. A portion of this amount is allocable to PPP, the balance is allocable to the Reorganized MPI. For purposes of these pro forma forecasted financial statements, it is assumed that an aggregate Subordinated Bank Debt and Investor Subordinated Debt of $12.187 million is allocable to the Reorganized MPI. For purposes of these pro forma forecasted financial statements it is also assumed that interest is paid semi-annually at an interest rate of prime plus 2.5 percent and principal paid in three equal payments beginning in years 8, 9 and 10.

(14) Depreciation expenses are constant throughout the forecast period. Depreciation expenses reflect a 20-year life for the purchased Co-Gen Facility and assume 15-year lives for the majority of the restated fixed assets.

(15) For the purposes of this analysis it is assumed that the Debtors will purchase the Co-Gen Facility.

(16) In connection with the note to be issued to Superfos, for purposes of these pro forma forecasted financial statements, it is assumed that the note will be in the principal amount of $14 million with principal to be amortized over a term of 6 year with equal annual payments on the anniversary of the Closing. The note will have an interest rate of prime plus 1.5 percent with interest paid semi annually in arrears.

CAUTION. NO REPRESENTATION CAN BE MADE AS TO THE ACCURACY OF ANY FORWARD LOOKING FINANCIAL INFORMATION OR ABILITY TO ACHIEVE THE PROJECTED RESULTS. MANY OF THE ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE AND UNANTICIPATED EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE AS OF WHICH THE FINANCIAL ESTIMATES WERE PREPARED ARE LIKELY TO MATERIALLY AFFECT ACTUAL FINANCIAL RESULTS.

C. **Alternatives to the Plan.**

If the Plan is not approved by those holders of Claims and interests entitled to vote on the Plan, and is not otherwise confirmed by the Bankruptcy Court, the alternative would be a conversion of the chapter 11 cases to chapter 7 liquidation cases. This would require the forced liquidation of the Debtors' remaining assets or a dismissal of the chapter 11 cases. The Debtors believe that a liquidation of the Debtors' estates would not be in the best interests of holders of Claims and interests because (i) it would decrease the funds available for any distribution to holders of Claims and interests and (ii) in all probability, it would result in no distributions to holders of unsecured Claims or interests. Likewise, the Debtors believe that a dismissal of the chapter 11 cases would result in piecemeal litigation and attachment of the Debtors' assets without Bankruptcy Court supervision, the result of which would, in the Debtors' opinion, generate substantially less for creditors than the sums which will be realized under the Plan.

If a liquidation were to occur, the following would likely result:

1. The Debtors' estates would become subject to additional administrative and priority expenses entitled to priority over Claims of unsecured creditors, including expenses for and claims in respect of (a) a chapter 7 trustee's commission and fees, (b) fees for the trustee's attorneys and accountants, and (c) unpaid post-petition trade payables;

2. The proceeds of any sale of assets may be substantially reduced; and

3. Distributions, if any, to holders of Claims or interests could be delayed for a substantial period of time.

Reference should be made to the following Liquidation Analysis.

D. **Liquidation Analysis.**

This liquidation analysis reflects the belief of the Debtors that due to the current unfavorable market conditions for DAP, the facilities at Mulberry cannot be sold for amounts sufficient to provide any distribution to unsecured creditors.

The Debtors' belief with respect to the value of their assets is supported by the fact that despite the Debtors' extensive marketing efforts and numerous discussions with a number of parties, only FDI has come forward with any reasonable offer to acquire the Debtors or their businesses. The Debtor's efforts have been negatively impacted by its own current financial condition, the depressed DAP market and the ongoing FBI investigation.

The agreement which the Institutional Lenders made with FDI also indicates that the value of the Debtors' assets is less even than the amount of the secured debt. As noted, the Institutional Lenders have agreed to convert $5 million of senior, secured debt into Warrants to acquire New Common Stock. Furthermore, the Institutional Lenders, at the demand of FDI, have converted $13 million of currently senior, secured debt into subordinated debt. Thus, it appears that the Debtors' stock or assets cannot even be sold subject to the outstanding bank debt. The lack of any offer except from FDI and market factors taken together suggest that, in the Debtors' judgment, the fair value of the Debtors' assets is less even than the secured debt, thus leaving nothing for General Creditors.

MPI and Subsidiaries (Excluding PPP)
Liquidation Analysis
September 30, 1992
(000)

ASSETS:		
FMG Remaining Assets:		
• Fixed Asset Escrow	$4,292	
• Accounts Receivable	700	
• Returns, Rebates, Prepaids	400	
• RAC Preferred Stock (a)	500	5,892
Tampa Terminal (including Heel)(b)		21,383
Mulberry/Chesapeake		
• Cash	0	
• Trade Receivables	1,034	
• Other Receivables	200	
• Inventory(c)	3,884	
• Fixed Assets(d)	4,000	
• Investment in PPP(e)	0	
• Non Current Asset (Co-Gen Escrow)	10,700	
• Misc.	300	20,118
Total Liquidation Proceeds		$47,393
SECURED LIABILITIES AND PRIORITY CLAIMS:		
Secured Debt:		
• Bank Debt(f)	$35,258	
• C.I.T.	10,700	
• Superfos	14,000	59,958
Reclamation Claims		1,200
Administrative and Certain Priority Claims		
• Professionals	3,000	
• Accounts Payable (post-petition)	4,800	
• Post Petition Taxes	500	
• Pre-Petition Taxes	1,100	9,400
Total Secured Liabilities and Priority Claims		$70,558
Amount Available for Distribution to Unsecured Creditors(g)		$ -0-
Estimated Allowed Unsecured Claims		$70,000

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MPI and Subsidiaries (Excluding PPP)
Liquidation Analysis Assumptions and Notes

(a) Face $2.25 million. Since RAC is thinly capitalized, the Debtors have estimated that its securities, which have no market, have a liquidation value of no more than $500,000.

(b) Tampa Terminal - Summary of Proceeds

Sales Price	$21,600,000
Less:	
Expenses	(250,000)
Tampa Bay Pipeline Lease	(517,000)
Plus: Heel	550,000
Total Net Proceeds	$21,383,000

(c) Liquidation analysis of Inventory

Description	Cost	Percentage Realized	Liquidation Value
DAP	$ 400	100	$ 400
Raw Materials & Prepaid	$2,215	90	$1,994
Spare Parts	$1,639	20	$ 328
Chesapeake	$1,550	75	$1,162
			$3,884

(d) The Debtors forecast that if it is forced to shut down Mulberry and cease its operations until a sale can be completed, Mulberry's value will be significantly diminished and that its liquidation value will be no greater than $4 million. The Debtors' position is premised upon the current depressed sales price for DAP, the potential claims for environmental problems and clean-up costs and the costs to be incurred by the buyer to reopen the facility. The Debtors estimate that the shutdown costs, monthly holding costs and the Buyer's start up costs to be the following:

Shutdown Costs	$000
Clean Tanks, Digesters, Equipment, Lines, Etc	400
Accrued Vacation & Severance	50
	$450
Monthly Shutdown Costs	
Salaries and Payroll Related Expenses	$130
Utilities - Electricity, misc.	49
Maintenance and Materials	10
Operating Supplies	20
Rental	3
Insurance and Taxes	147
	$359
Start Up Costs	
Mechanical Rehabilitation	$1,400
Electrical Rehabilitation	250
Employment & Retraining (30 days)	500
Recovery & Volume Losses (2% Recovery P205 2 mo., 25% Volume 2 mo.)	700
	$2,850

This Analysis does not include operating losses incurred by the Debtors, if any, prior to the shutdown of the Mulberry facility.

(e) As a result of PPP's current financial situation including its current debt structure and losses from operations, the Debtors forecast that their investment in PPP has no material value.

(f) In addition to the secured bank debt reflected in this liquidation analysis, MPI's obligation to the Institutional Lenders may increase as the result of the guarantee MPI issued to the Institutional Lenders in the event of a default by PPP of its secured bank debt. PPP's secured bank debt approximated $17.4 million as of June 30, 1992 and is in default.

(g) Analysis of Distribution Available to Unsecured Creditors per Liquidation Analysis

Liquidation Value of Assets	$ 47,393
Less: Payments to Secured and Priority Claimants	$(70,558)
Amount Available for Distribution to Unsecured Creditors	-0-
Percentage Realized by Unsecured Creditors Under Liquidation Scenario	-0-

The above liquidation analysis was prepared under the assumption that the three Debtors should be combined for purposes of analyzing liquidation distributions, if any, to unsecured creditors. This assumption is premised upon the fact that PFI and MAF, debtor subsidiaries of MPI, have executed Guaranty Agreements covering all personal property and fixtures of PFI and MAF, respectively, securing their respective obligations under the Subsidiary Guaranties. The following liquidation analyses have been prepared for MPI, PFI and MAF on a standalone basis and reflect the fact that the secured lenders will, more likely than not, seek to apply any deficiencies in recoveries in connection with the liquidation of MPI from MAF and PFI.

Mulberry Phosphates, Inc. ("MPI")
Liquidation Analysis
September 30, 1992
(000)

ASSETS:		
FMG Remaining Assets:		
• Fixed Asset Escrow	$2,403	
• Accounts Receivable	273	
• Returns, Rebates, Prepaids	264	
• RAC Preferred Stock	225	
Total FMG Remaining Assets		3,165
Tampa Terminal (including Heel)		21,383
Claims Against Norsk, Seminole	—	
Mulberry/Chesapeake		
• Cash	0	
• Trade Receivables	1,034	
• Other Receivables	200	
• Inventory	3,884	
• Fixed Assets	4,000	
• Non Current Asset (Co-Gen Escrow)	10,700	
• Misc.	300	
Total Mulberry/Chesapeake		20,118
Total Assets		$44,666
SECURED LIABILITIES AND PRIORITY PAYMENTS:		
Secured Debt:		
• Bank Debt	$31,027	
• C.I.T.	10,700	
• Superfos	14,000	
Total Secured Debt		55,727
Reclamation Claims		888
Administrative and Certain Priority Claims		
• Professionals	2,220	
• Accounts Payable	4,800	
• Post Petition Taxes	500	
• Pre-Petition Taxes	968	
Total		8,488
Total Special Liabilities and Priority Claims		$65,103
Amount Available for Distribution to Unsecured Creditors	$ -0-	
Estimated Allowed Unsecured Claims	$53,262	

Pennsylvania Fertilizer, Inc. (PFI)
Liquidation Analysis
September 30, 1992
(000)

ASSETS:

FMG Remaining Assets:

• Fixed Asset Escrow	$429
• Accounts Receivable	7
• Returns, Rebates, Prepaids	100
• RAC Preferred Stock	50
Total Assets	$586

SECURED LIABILITIES AND PRIORITY CLAIMS:

Secured Creditors:	
• Bank Debt	$705
• CIT	-
• Superfos	-
Reclamation Claims:	60
Administrative and Priority Claims:	
• Professionals	150
• Accounts Payable	-
• Post-Petition Taxes	-
• Pre-Petition Taxes	22
Total Secured Liabilities and Priority Claims	$937
Amount Available for Distribution to Unsecured Creditors	-0-
Estimated Allowed Unsecured Claims	$3,283

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Mid-Atlantic Fertilizer, Inc. (MAF)
Liquidation Analysis
September 30, 1992
(000)

ASSETS:

FMG Remaining Assets:

• Fixed Asset Escrow	$1,460
• Accounts Receivable	420
• Returns, Rebates, Prepaids	36
• RAC Preferred Stock	225
Total Assets	$ 2,141

SECURED LIABILITIES AND PRIORITY CLAIMS:

Secured Creditors:	
• Bank Debt	$3,526
• CIT	-
• Superfos	-
Reclamation Claims:	252
Administrative and Certain Priority Claims:	
• Professionals	630
• Accounts Payable	-
• Post-Petition Taxes	-
• Pre-Petition Taxes	110
Total Secured Liabilities and Priority Claims	$ 4,518
Amount Available for Distribution to Unsecured Creditors	-0-
Estimated Allowed Unsecured Claims	$13,455

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E. Certain Federal Income Tax Consequences of the Plan.

1. General. Certain federal income tax consequences of the Plan under the Internal Revenue Code (the "Tax Code") with respect to the Debtors' shareholders and creditors are described below. **CREDITORS AND STOCKHOLDERS ARE ADVISED TO CONSULT WITH THEIR TAX ADVISORS REGARDING THE INDIVIDUAL TAX CONSEQUENCES OF THE TRANSACTIONS, INCLUDING STATE AND LOCAL TAX CONSEQUENCES.**

2. Tax Consequences to Creditors. A creditor generally will recognize gain or loss upon the exchange to the extent of the difference between the amounts of (i) the cash or other property received and (ii) the former creditor's basis in the Claims exchanged. The gain or loss realized by the creditor will be ordinary gain or loss unless the Claim held by the creditor qualified as a capital asset under Internal Revenue Code Section 1221.

3. Tax Consequences of Reduction of the Debtors' Indebtedness. As a result of implementation of the Plan, the face amount of Reorganized MPI's aggregate outstanding indebtedness will be substantially discharged. In general, the Tax Code provides that a taxpayer that realizes a "discharge of indebtedness" must include in gross income the amount by which the indebtedness discharged exceeds any consideration given for such discharge. The Tax Code further provides, however, that if a taxpayer is in a title 11 case and the discharge of indebtedness is pursuant to a plan approved by the Court, such discharge of indebtedness is not required to be included in gross income.

Accordingly, the Debtors should not be required to include in income any amounts resulting from any discharge of the Debtors' indebtedness. However, the Tax Code further provides that amounts so excluded from gross income may reduce certain tax attributes of the taxpayer, including net operating loss and investment tax credit carryovers and the basis of the assets of the taxpayer in a specified order of priority, beginning with net operating loss carryovers. The Debtors forecast that net operating loss carry forwards available after confirmation will approximate \$25 million subject to the limitations on the ability to utilize such net operating losses under § 382 and other provisions of the Internal Revenue Code.

The utilization of the Debtors' forecasted net operating loss carryforwards will be substantially limited under Internal Revenue Code Section 382. Section 382 provides that the taxable income of a loss corporation for any tax year ending after an ownership change may be offset by pre-change loss carryforwards only to the extent of the Section 382 limitation for that year. The Section 382 limitation is equal to the value of the loss corporation immediately before the ownership change multiplied by the long-term tax exempt rate. The value of the loss corporation immediately before the ownership change generally means the fair market value of all the loss corporation's outstanding stock at that time. The Debtors' estimate that the Reorganized MPI will be able to utilize approximately \$300,000 of its net operating loss carryforwards per year.

F. **Claims Against MPI.** The statements and schedules filed by MPI indicate that as at April 8, 1991, unsecured Claims against MPI not entitled to priority under the Bankruptcy Code equalled approximately \$75.2 million in the aggregate. Proofs of unsecured claims in the aggregate amount of approximately \$65.9 million have been filed against the estate as of September 13, 1991, the last day for filing claims against the Debtors (the "Bar Date"). It should be noted that the order approving the notice of the bar date provided that a creditor whose claim has been scheduled on the Debtors' Statements of Liabilities as undisputed, not contingent and not liquidated need not have filed a proof of claim to have such claim allowed in the amount as scheduled.

The Debtors expect that the amount of allowed unsecured claims will be reduced to approximately \$70 million through the claims resolution process. Assuming that the aggregate distribution to Class 5 General Creditors is \$3.5 million, any unsecured creditors with a claim less than approximately \$1,993 should elect to be included in Class 4.

MPI estimates that administration expenses for the chapter 11 cases unpaid as of the date of confirmation and after payment of the expenses incurred in connection with the sale of the Tampa Facility will aggregate approximately \$8.3 million.

MPI's statements and schedules show that as of April 8, 1991, secured Claims that have not been satisfied subsequent to the petition date were approximately \$42 million, and priority Claims and tax Claims equalled approximately \$1.4 million. Proofs of secured claims in the aggregate amount of \$66.6 million have been filed against the Debtors as of the bar date.

As of July 31, 1992, the secured claims against MPI totaled approximately $58.4 million.[22] During the course of the chapter 11 cases until that date, payments in reduction of the principal amount of secured claims that existed as of the petition date amounted to $40.194 million, not including payments of interest and the payment of approximately $2 million to Monsanto Company in connection with its secured claim.[23] The reduction in pre-petition secured debt resulted primarily from the DIP Financing Agreement signed on April 9, 1991, a stipulation of settlement between Monsanto and the Debtors approved by the Bankruptcy Court on December 11, 1991, and proceeds of the sale of the current assets of the Farm Marketing Group approved by the Bankruptcy Court on December 20, 1992.

By complaint dated November 20, 1991, CIBA, the largest unsecured creditor of the Debtors and the chairperson of the Official Committee of Unsecured Creditors, commenced an adversary proceeding against the Debtors seeking the recovery of certain inventory and proceeds from the Debtors on the grounds, among others, that the inventory (and proceeds) were held by the Debtors as agent for CIBA or alternatively on consignment and therefore were not property of the estates. By answer and counterclaims dated December 20, 1991, the Debtors opposed CIBA's claims and affirmatively sought the turnover of certain inventory removed by CIBA from the Debtors' premises at or after the commencement of the chapter 11 cases and the turnover of certain funds collected by CIBA from third parties on accounts receivable generated by the Debtors' sale of the inventory claimed by CIBA. The Debtors estimate that the dispute with CIBA involves a total of approximately $5.5 million. If CIBA succeeds, it could be awarded that amount, less any funds and the value of the inventory it has already collected and/or recovered, respectively. The Debtors believe CIBA already has received at least $1.5 million in funds. CIBA, however, may have received an additional amount of inventory and proceeds. If the Debtors succeed, they will be entitled to retain all proceeds and inventory not in CIBA's possession and CIBA will be required to turnover at least $1.5 million to the Debtors. However, CIBA may be required to turnover a greater amount, depending upon the amount of receivables it collected from third parties and the value of the inventory it removed from the Debtors' premises. The Debtors believe that any funds recovered from CIBA would be subject to the liens of the Debtors' institutional bank lenders. On or about June 1, 1992, CIBA filed a motion for partial summary judgment. The Debtors opposed CIBA's motion, and cross-moved for partial summary judgment on or about June 30, 1992. The hearings on these motions are scheduled for September 24, 1992, and no decision had been rendered when this disclosure statement was approved.

XIII. CONDITION PRECEDENT TO DISTRIBUTION TO CREDITORS AND EQUITY HOLDERS

If a claim or interest is undisputed or no objection has been filed, payments or distributions on the Claim or interest will be made after the Confirmation Date at the times prescribed in the Plan. If an objection has been filed, payments or distributions on such disputed Claim or interest will begin after an order of the Bankruptcy Court allowing the Claim or interest has become final and no longer subject to appeal.

XIV. EFFECT OF CONFIRMATION OF THE PLAN BY THE BANKRUPTCY COURT

The rights afforded in the Plan are in complete satisfaction, discharge and release of all existing Claims and interests of any nature whatsoever against the Debtors, the debtors in possession, and any of their assets. Upon the Confirmation Date, all existing Claims or interests in or against the Debtors and the debtors in possession shall be satisfied, discharged and released in full, and all holders of Claims and interests shall be precluded from asserting against the Debtors or their assets any other or further Claim based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date. Upon the Closing Date all rights of holders of claims or interests of all classes under Plan, including the right to receive distributions on account of such Claims or interests thereunder, shall be limited solely to the rights provided in the Plan, and the holders of such Claims or interests shall have not further rights against MPI.

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[22] This amount is net of $4.238 million which has been escrowed from the sale of the Farm Marketing Group to partially satisfy the claims of the institutional lenders.

[23] And the payment of $630,000 to the escrow account to satisfy the secured claim of Calhoun County.

XV. RECOMMENDATION BY THE DEBTORS AND THE CREDITORS' COMMITTEE AND THE REASONS THEREFOR

The Debtors recommend acceptance of the Plan and urges that the ballots voting for acceptance of the Plan be completed, signed, and returned immediately. The Creditors' Committee, on behalf of all unsecured creditors, negotiated with the Debtors, the Buyer, and the Institutional Lenders to develop the Plan. ***The Creditors' Committee urges all General Creditors to vote in favor of the Plan.*** In the judgment of the Creditors' Committee, there is no realistic alternative which would produce any greater payment to General Creditors.

MPI believes that confirmation of the Plan is the only opportunity for unsecured creditors to receive any recovery on their claims. Similarly, the Debtors also believe that the Plan presents secured creditors with the opportunity for preserving the value of the assets which secure their claims.

If the Plan is not confirmed rapidly, the Debtors' working capital will be depleted and the Debtors' assets will be liquidated. In the absence of a prompt confirmation, it is doubtful that the Institutional Lenders will permit the continued use of their cash collateral. Since the Debtors have no source of financing other than the Institutional Lenders, the withdrawal of financing by the Institutional Lenders will result in a termination of the chapter 11 effort and a liquidation of the Debtors in chapter 7, with the results of a liquidation similar to those above. In a liquidation, the Debtors anticipate that unsecured creditors and equity security holders would suffer a total loss and receive nothing at all on account of their claims and stock.

XVI. CONCLUSION

Based upon the financial data and other information discussed above and annexed hereto, the Debtors and the Creditors' Committee urge that General Creditors vote to accept the Plan and to evidence their acceptance by returning their ballots immediately.

To receive the distributions provided under the Plan, it is crucial that everyone vote in favor of the Plan. Your failure to vote in favor of the Plan could result in your receiving no distributions whatsoever.

Dated: New York, New York
September 24, 1992

MULBERRY PHOSPHATES, INC.,
f/k/a ROYSTER COMPANY,
MID-ATLANTIC FERTILIZER, INC.
f/k/a ROYSTER MID-ATLANTIC
COMPANY AND PENNSYLVANIA
FERTILIZER, INC., f/k/a
R/K AGRI SERVICE, INC.
As debtors and debtors in
possession

By: /s/ Erol Y. Beker
President of Mulberry
Phosphate, Inc.
Vice President of Mid-Atlantic
Fertilizer, Inc.
Vice President of Pennsylvania
Fertilizer, Inc.

FULBRIGHT & JAWORSKI
Attorneys for the debtors
and debtors in possession

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UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA,
TAMPA DIVISION

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In re MULBERRY PHOSPHATES, INC., f/k/a ROYSTER COMPANY, f/k/a or d/b/a Royster, Royster Co., Inc., Royster - a Cedar Holdings Co., Royster Southeast Region, Royster Southeast Regional Office, Royster Southeast Co., Royster Southeast, Royster Southeast Mid-West Group, Royster - St. Louis, Royster - Poneto, Royster - Wauseon, Poneto Warehouse, Royster Carolina, Royster Agri Chemical Co., S&S Farm Services, Inc., Darlington Farm Services, Inc., Royster Midwest, Royster Toledo, RWD Farm Services, Frontier Farm Center, Royster - Madison, Royster - Madison, Inc., Royster Mulberry, Royster Chesapeake, Royster Agricultural Products Company, Royster South Norfolk, Micronel Corporation and Royster Tampa Terminal, Debtor.	:	Chapter 11 Case No. 91-07012-8P1
In re MID-ATLANTIC FERTILIZER, INC., f/k/a ROYSTER MID-ATLANTIC COMPANY, f/k/a or d/b/a Royster Mid-Atlantic Regional Office, Royster Mid-Atlantic Region, Royster Mid-Atlantic Group, Royster Mid-Atlantic, Royster Mid-Atlantic Co., Royster Mid-Atlantic Co., Inc., Royster Mid-Atlantic, Wilson, NC Division, Royster Mid-Atlantic New Bern & Pamlico Division, Royster Mid-Atlantic, Lynchburg, VA Division, New Bern Oil Mill, Royster-New Bern Inc., Royster-Pamlico Company, Inc., Pamlico Chemical Co., Pamlico Chemical Inc., New Bern Oil & Fertilizer Co., Grifton Fertilizer & Supply Co., F.S. Royster Mercantile, F.S. Royster Mercantile Co., F.S. Royster Mercantile Co., Inc., Royster Mercantile, Royster-Wilson, Superior AG Products, Inc., Royster AG Chemical Co., Northeastern Agri Supply Inc., Northeastern Farm Services, Royster-Lynchburg, Royster of Lynchburg, Inc., Royster of Lynchburg, Crystal Hill Farm Supply and Axton Farm Services, Debtor.	:	Chapter 11 Case No. 91-07013-8P1
In re PENNSYLVANIA FERTILIZER, INC., f/k/a R/K AGRI SERVICE INC., f/k/a or d/b/a Royster/Kirby, R/K Lancaster, Royster Lancaster, Royster Northeast, Master Farmer, Organic Plant Food, Cramer Fertilizer, R/K AG Warehousing, R/K Upper Marlboro, R/K Richland and R/K Lyons, Debtor.	:	Chapter 11 Case No. 91-07014-8P1 (Jointly Administered)

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DEBTORS' FIFTH AMENDED, JOINT PLAN OF REORGANIZATION

Mulberry Phosphates, Inc., f/k/a Royster Company, Pennsylvania Fertilizer, Inc., f/k/a R/K Agri Service Inc., and Mid-Atlantic Fertilizer, Inc., f/k/a Royster Mid-Atlantic Company, debtors, propose the following plan of reorganization with their creditors and security holders under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 1101, et seq.:

ARTICLE I
DEFINITIONS

When used herein, the words set forth below shall have the following meanings:

"Acquired Assets" means (i) all of the issued and outstanding equity securities of MPI or (ii) all of the assets of the Debtors existing as of Confirmation, including the phosphate chemical plant in Mulberry, Florida, all assets and properties used in the operation of the business at Mulberry except the Tampa Facility, all working capital, including inventories and accounts receivable, and the stock or all assets of all subsidiaries, including PFI, MAF, and PPP, except as otherwise provided in the Plan.

"Bankruptcy Court" means the court having jurisdiction of these chapter 11 cases.

"Buyer" means FDI or its nominee pursuant to the FDI Contract, the Institutional Lenders or their nominee, or any other entity which acquires the Acquired Assets pursuant to the Plan on terms acceptable to the Institutional Lenders, provided, however, that the approval of the Institutional Lenders shall not be required if the Buyer is to pay the Class 2 Claims of the Institutional Lenders in full at Closing.

"Buyer's New Common Stock" means the New Common Stock acquired by the Buyer or its affiliate at Closing.

"Buyer's Subordinated Notes" means the Subordinated Notes acquired by the Buyer or its affiliate at Closing.

"Chesapeake Facility" means MAF's fertilizer and micronutrient production facility located in Chesapeake, Virginia, or the proceeds thereof.

"Chesapeake Fixed Assets" means the real property, fixed assets, and improvements constituting the Chesapeake Facility but excluding inventory, accounts receivable, current assets, and working capital, or the proceeds thereof.

"Chesapeake Proceeds" means the net, cash proceeds, if any and when and if received, from the sale of the Chesapeake Fixed Assets.

"CIT" means, collectively, The CIT Group / Equipment Financing, Inc., f/k/a C.I.T. Corporation, The CIT Group / Factoring, Inc., f/k/a Manufacturers Hanover Commercial Corporation, Manufacturers Hanover Trust Company, and their affiliates.

"Claim" means any claim, as that term is defined in 11 U.S.C. § 101(4), and shall include, without limitation, any claim of whatsoever type or description against the Debtors, any claim against the Debtors for pre-petition interest, post-petition interest or contingent interest, any claim against the Debtors arising out of the rejection of executory contracts, any claim against the Debtors arising from the recovery of property under 11 U.S.C. § 522(i), 550 or 553, and any claim against the Debtors that does not arise until after the commencement of this reorganization case for a tax entitled to priority under 11 U.S.C. § 507(a).

"Closing Date" or "Closing" means the date, not less than ten (10) days after Confirmation and not more than forty-five (45) days after Confirmation (unless an extension beyond the forty-five (45) day period is agreed to by the Debtors and the Institutional Lenders), of the closing of the sale of the Acquired Assets, which closing shall be subject to any conditions contained in the Contract or in the order of Confirmation unless waived by the party in whose favor the conditions run, provided, however, that Closing shall not be subject to the absence of an appeal from Confirmation or an order, if any, approving the Contract, unless either Confirmation or an order approving the Contract has been stayed pending appeal.

"Co-Gen Facility" means all of the assets and properties, of whatsoever type or description, leased pursuant to the Co-Gen Lease.

"Co-Gen Lease" means that certain agreement of lease, dated as of December 1, 1985, between CIT and MPI providing for the lease of the Co-Gen Facility to MPI for a term of 15 years, together with the related ground lease, site sublease and support agreement, which lease has been assumed by MPI pursuant to an order of the Bankruptcy Court.

"Committee" means the official committee of unsecured creditors appointed under 11 U.S.C. § 1102(a).

"Common Shareholder" means a holder of Common Stock.

"Common Stock" means the common stock of MPI, par value $100.00 per share.

"Confirmation" means the entry of an order by the Bankruptcy Court confirming this Plan.

"Contract" means the FDI Contract, if approved by the Bankruptcy Court in connection with Confirmation, or any other contract approved by the Bankruptcy Court in connection with Confirmation, between MPI, as seller, and the Buyer, as purchaser, providing for the Buyer's acquisition of the Acquired Assets.

"Debtors" means MPI, PFI, and MAF.

"Farm Marketing Group" means those assets sold pursuant to the FMG Sale Order, which assets included substantially all of the assets other than accounts receivable of PFI and MAF and those assets of MPI outside of the State of Florida, but, excluding the Chesapeake Facility and the Chesapeake Fixed Assets.

"FDI" means Fertilizer Development and Investment B.V., or its nominee.

"FDI Contract" means the contract, approved in writing by the Institutional Lenders and dated as of August 21, 1992, between MPI, as seller, and FDI, as purchaser, for the purchase of the Acquired Assets.

"Filing Date" means April 8, 1991.

"FMG Sale Order" means the order of the Bankruptcy Court, dated December 20, 1991, authorizing the sale of the Farm Marketing Group.

"General Creditor" means a creditor holding an allowed Claim classified under Class 5 of the Plan.

"Institutional Lenders" means Internationale Nederlanden Bank N.V., f/k/a NMB Postbank Groep N.V., and The Chase Manhattan Bank, N.A., or their successors or assigns.

"Liquidating Trust" means the liquidating trust created for the benefit of holders of Claims in Class 5, as set forth in Article VIII of the Plan.

"Liquidating Trustee" means the trustee for the Liquidating Trust, as set forth in Article VIII of the Plan.

"Loan Agreements" means the loan and security agreements governing the Senior Notes and the Subordinated Notes, the terms of which are set forth in the FDI Contract or in the schedules or exhibits thereto.

"MAF" means Mid-Atlantic Fertilizer, Inc., f/k/a Royster Mid-Atlantic Company, a debtor subsidiary of MPI.

"MPI" means Mulberry Phosphates, Inc., f/k/a Royster Company, one of the Debtors.

"New Common Stock" means, if the Buyer elects to acquire the stock of MPI, the shares of Common Stock issued to the Buyer at Closing pursuant to the Contract and subsequent to the cancellation of the Common Stock outstanding prior to Confirmation.

"Non-Participating Reclamation Creditor" means an entity asserting a Reclamation Claim who has elected pursuant to the Reclamation Order not to participate in the Reclamation Lien.

"Norsk-Seminole Parties" means Norsk Hydro a/s, Norsk Hydro USA Inc., Seminole Fertilizer Corporation, Tosco Corp., and their affiliates.

"PFI" means Pennsylvania Fertilizer, Inc., f/k/a R/K Agri Service Inc., a debtor subsidiary of MPI.

"Plan" means this plan of reorganization.

"PPP" means Piney Point Phosphates, Inc., f/k/a Royster Phosphates, Inc., a subsidiary of MPI and a debtor in a chapter 11 case pending in the Bankruptcy Court.

"Reclamation Claims" means Claims for reclamation which have been determined by the Bankruptcy Court to be valid, enforceable, and allowed reclamation Claims under § 2-702 of the Uniform Commercial Code and 11 U.S.C. § 546(c).

"Reclamation Lien" means the lien and security interest in the amount of not more than $2 million granted by the Debtors to the holders of Reclamation Claims pursuant to the Reclamation Order.

"Reclamation Order" means the order entitled "Order Providing Adequate Protection for Holders of Valid Reclamation Claims under 11 U.S.C. § 546(c)(2)," dated October 29, 1991.

"Senior Notes" means the senior, secured term loan notes to be issued to the Institutional Lenders at Closing, having the terms set forth in the Loan Agreements.

"Small Claims" means the Claims classified under Class 4 of the Plan.

"Sterling Preferred Stock" means the 2,250 shares of Series A Cumulative Redeemable Preferred Stock with a liquidation value of $2,250,000 issued to MPI as part of the consideration for the sale of the Farm Marketing Group.

"Subordinated Notes" means the senior subordinated notes to be issued to the Institutional Lenders and FDI at Closing, having the terms set forth in the Loan Agreements.

"Superfos" means Superfos A/S and Superfos Investments Limited.

"Superfos LOC" means that certain letter of credit issued by Unibank a/s in favor of CIT in the initial available amount of $15,009,156 pursuant to an agreement dated May 24, 1990 between Superfos and CIT.

"Tampa Facility" means those assets used in connection with MPI's anhydrous ammonia terminal sold pursuant to that certain agreement, dated April 23, 1992, between the Debtors and C.F. Industries, Inc.

"T Bills" means those certain securities which are subject to a pledge and security deposit agreement dated as of December 1, 1985 with CIT which collateralize the last five years' payments under the Co-Gen Lease.

"Warrants" means warrants to be issued to the Institutional Lenders at Closing, having the terms including the redemption rights set forth in the Loan Agreements, to acquire not more than twenty percent (20%) of the New Common Stock issued and outstanding after the exercise of such warrants.

As used in the Plan, masculine pronouns shall be deemed to include the feminine and neuter, and all terms used in the singular shall be deemed to include the plural and vice versa.

The words "herein," "hereof" and "hereunder" and other words of similar import refer to the Plan as a whole, including all schedules annexed thereto, as the same may from time to time be amended or supplemented, and not to any particular article, section or subdivision contained in the Plan.

Words in the Plan which are defined in 11 U.S.C. § 101 shall have the meanings given to them by the statute and the case law interpretation.

Accounting terms not otherwise defined in the Plan have the meanings assigned to them in accordance with generally accepted accounting principles currently in effect.

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS

The Claims of creditors and interests of shareholders shall be divided into eight classes as described in Articles IV through XII hereof:

Class 1 - Administrative and Priority Claims
Class 2 - Secured Claims of Institutional Lenders
Class 3 - Other Secured Claims
Class 4 - Small Claims
Class 5 - General Claims
Class 6 - Superfos (6A) and CIT (6B)
Class 7 - Reclamation Claims
Class 8 - Common Shareholders of MPI
Class 9 - Interests in Subsidiaries

ARTICLE III
MEANS FOR EXECUTION OF THE PLAN

Prior to Confirmation, the Farm Marketing Group will have been sold and the proceeds will have been applied to the reduction of the Claims of the Institutional Lenders and to the satisfaction in full of the secured Claims of Berliner Handels-Und Frankfurter Bank, Sovran Bank, N.A., and B.S.F.E. Banque de la Societe Financiere Europeenne.

Prior to or in connection with Confirmation, the Tampa Facility will have been sold, with the proceeds held in escrow by counsel for the Debtors, subject to the disbursements, if any, as may have been authorized by the Bankruptcy Court.

At the hearing in the Bankruptcy Court to consider Confirmation or at such other time prior to Confirmation as the Bankruptcy Court may direct, the Acquired Assets will be offered for sale to FDI pursuant to the FDI Contract or to whomever may submit a higher or better offer. Except for the liens, claims and encumbrances provided for or created by the Plan or the Loan Agreements, the Debtors shall be discharged from all secured and unsecured Claims, and the New Common Stock will be sold free and clear of any and all liens, claims, and encumbrances of any sort. Despite their prior consent to the FDI Contract, the Institutional Lenders will be entitled, should they elect, to submit offers for the Acquired Assets by exercising their rights under 11 U.S.C. § 363(k).

The funds necessary for the payments provided for in the Plan and the operation of Debtors thereafter shall be supplied by the proceeds from the sale of the Tampa Facility and by the consideration paid by the Buyer under the Contract and by loans and other accommodations to be made by the Institutional Lenders. Any payments or distributions to be made under the Plan subsequent to Confirmation to General Creditors and the holders of other Claims such as Reclamation Claims and priority tax claims will be made by the Debtors, in the ordinary course of business, by virtue of their recapitalization resulting from the Contract, the restructuring of the indebtedness owing to the Institutional Lenders, and the Plan. At Closing, MPI shall assume liability for the payments to be made thereafter under the Plan to the creditors of PFI and MAF.

Unless a third party submits a higher or better offer approved by the Bankruptcy Court, FDI shall acquire the New Common Stock under the FDI Contract in return for which the Buyer shall provide MPI with not less than $13 million of cash to be used for working capital. The infusion of $13 million shall be represented by an equity investment of $5 million and $8 million in Subordinated Notes which will be pari passu with the Subordinated Notes issued to the Institutional Lenders.

Any offer for the Acquired Assets made at the hearing on Confirmation or at any other time must enable the performance of the terms of the Plan dealing with all classes of creditors.

If the Buyer is an entity other than the Institutional Lenders and if the Buyer provides for the satisfaction in full of the Claims of the Institutional Lenders in Class 2, the holders of Claims in Classes 4 and 5 will receive all proceeds of the sale, if any, after the satisfaction of the Claims in Classes 1, 2, and 3.

The distributions and other property under the Plan shall be in full release, discharge, and satisfaction of any and all Claims and interests in or against the Debtors.

ARTICLE IV

CLASS 1
ADMINISTRATION AND PRIORITY CLAIMS

Class 1 shall include all costs and expenses of administration of the chapter 11 cases and the claims of creditors entitled to priority in accordance with the provisions of 11 U.S.C. § 507, except for any priority administration Claims of the Institutional Lenders. Except for Claims of the kind specified in 11 U.S.C. § 507(a)(7), Class 1 Claims shall be paid in full in cash on the Closing Date in an amount equal to the allowed amount of such Claim, unless the holder of such Claim shall have agreed to a different treatment of such Claim. Holders of Claims of the kind specified in 11 U.S.C. § 507(a)(7) shall receive (a) deferred cash payments in equal installments, with the first made on the Closing Date and the remainder made on each anniversary of Closing, with the last annual installment of each such Claim made not more than six years after the date of assessment of each such Claim, and (b) cash payments of interest on each anniversary of Closing on the unpaid principal amount of each such Claim, with interest beginning to accrue on Closing at the rate equal to the rate of interest on the Closing Date in the secondary market on direct obligations of the United States Treasury having a maturity five years following the Closing Date.

Class 1 Claims shall not be impaired under this Plan.

ARTICLE V

CLASS 2
CLAIMS OF INSTITUTIONAL LENDERS

Class 2 shall include all allowed secured and unsecured Claims, if any, of the Institutional Lenders, except that Class 2 shall not include any secured or unsecured claims by Sovran Bank, N.A. ("Sovran") as pledgee of the common stock of MAF, which claim or claims, if allowed, shall be included in Class 3, 4 or 5. Nor shall Class 2 include Sovran's claims as landlord of the office building previously occupied by MPI in Norfolk, Virginia for pre-petition and post-petition rent and breach of lease,
which, if allowed, shall be included in Class 1, 4 or 5 as may be determined by the Bankruptcy Court. In full satisfaction, release, and discharge of their Class 2 Claims, the Institutional Lenders shall receive:

(1) pursuant to the FMG Sale Order, all of the proceeds, when received, from the sale of the Farm Marketing Group, less the portion of the proceeds of aged net receivables conveyed to the Liquidating Trust and the amounts, if any, necessary to satisfy liens and encumbrances on the Farm Marketing Group which are prior in lien to the interests of the Institutional Lenders. Any such proceeds received after Closing shall be applied as provided in the Loan Agreements; and

(2) if FDI is the Buyer under the FDI Contract, (a) Senior Notes pursuant to the terms of the Loan Agreements in the principal amount equal to the difference between all of the indebtedness owing to the Institutional Lenders on the Closing Date and $18 million, but not to exceed $31 million, secured by valid and perfected first mortgage liens and security interests in (i) the New Common Stock and (ii) any and all of the property of the Debtors and PPP

of whatsoever type or description, real or personal, tangible or intangible, which the Debtors or PPP own upon Closing, subject and subordinate only to (x) other than liens securing the Revolving Loans under the Second Amended and Restated Loan Agreement, dated as of April 1, 1987, valid and perfected liens and security interests which were prior in lien to the liens and mortgages of the Institutional Lenders as of the Filing Date ("Existing Liens"), and (y) the liens and security interests, if any, granted under the Plan to Superfos, (b) Subordinated Notes pursuant to the terms of the Loan Agreements in the principal amount of $13 million, and (c) the Warrants to purchase up to 20% of the New Common Stock; or

(3) if any entity, including FDI, other than the Institutional Lenders is the Buyer on terms representing a higher or better offer than those set forth in the FDI Contract, property of a value equal to the allowed amount of the Claims in Class 2 or such lesser amount as the Institutional Lenders may agree in their sole discretion; or

(4) if the Institutional Lenders are the Buyer, the Acquired Assets.

Upon Closing, the Debtors shall release, remise, and forever discharge any all Claims which the Debtors now have or ever may have against the Institutional Lenders, Berliner Handels-Und Frankfurter Bank, Sovran Bank, N.A., and B.S.F.E. Banque de la Societe Financiere Europeenne.

The Class 2 Claims of the Institutional Lenders are impaired by this Plan.

ARTICLE VI

CLASS 3
OTHER SECURED CLAIMS

Class 3 shall include all allowed secured Claims not included in Classes 2, 6, 7 and 9. Claims in Class 3 shall not be impaired by the Plan. Except to the extent that the holder of a Class 3 Claim shall have agreed to a different treatment of such Claim:

A. at Closing, any defaults shall, at the option of the Buyer, be cured to the extent required by the Bankruptcy Code, and any arrears which may be outstanding on account of a Class 3 Claim shall be paid in cash, in full, and the holder of such Class 3 Claim shall be paid in accordance with the existing agreements between the holder of such Class 3 Claim and the Debtors; or

B. at Closing, the Buyer shall, at its option, cause the Debtors to abandon the property securing such Class 3 Claim and surrender it to the holder of such Class 3 Claim in full satisfaction, release, and discharge of such Class 3 Claim, in which event any other Claims in connection with such property or collateral, including Claims for deficiency, shall be Claims under Class 4 or 5; or

C. at Closing, the holder of such Class 3 Claim shall, at the option of the Buyer, be paid in cash the value of the property of the estate which constitutes the collateral for such Class 3 Claim, with the deficiency, if any, constituting an unsecured Claim in Class 4 or 5 except to the extent otherwise provided in 11 U.S.C. § 1111(b); or

D. at the option of the Buyer, the holder of such Class 3 Claim shall be granted a security interest in property of the Debtors, which security interest shall have a value equal to the value of the property of the estate which constitutes the collateral for such Class 3 Claim, with the deficiency, if any, constituting an unsecured Claim under Class 4 or 5, except to the extent otherwise provided in 11 U.S.C. § 1111(b).

ARTICLE VII

CLASS 4
SMALL CLAIMS

A. Class 4 shall include all unsecured Claims against the Debtors that are (i) not included in Class 1 and (ii) allowed in an amount not in excess of $100 as to the aggregate Claims of any one creditor. Any creditor whose Claim exceeds $100 may elect, prior to the close of voting on the Plan or such later date as the Debtors may designate in their sole discretion, to reduce his Claim to $100 and thereupon be included in Class 4. Creditors who wish to reduce their Claims to $100 shall do so by indicating such election on a form to be used for the purpose of acceptance of the Plan.

B. In full satisfaction, release, and discharge of all Class 4 Claims against the Debtors, each holder of an allowed Class 4 Claim shall be paid in cash, upon Closing, in an amount equal to the allowed amount of such Small Claim. Claims in Class 4 shall not be impaired by the Plan.

C. For the purpose of this Article, a proof of claim filed by an entity to protect the interests of multiple claimants (e.g., a Claim filed by a representative of employees for wages, but not a Claim filed by a trustee of a welfare or pension fund although numerous employees might be beneficiaries thereof) shall be treated as a separate Claim for each claimant.

ARTICLE VIII

CLASS 5
UNSECURED CLAIMS NOT ENTITLED TO PRIORITY

A. Class 5 shall include allowed Claims of General Creditors and shall consist of all allowed unsecured Claims not included in Class 1, 4, 7 or 9.

B. Each General Creditor shall receive, in full satisfaction, release, and discharge of all Class 5 Claims against the Debtors, pro rata distributions as follows:

(1) the greater of (i) $2,500,000 (two million five hundred thousand dollars) in cash at Closing, or (ii) upon Closing if the proceeds of the sale of the Acquired Assets are sufficient for the payment in full of the Claims in Classes 1, 2, 3, 4, 6A, 6B, and 7, the surplus remaining after the payment of Claims in Classes 1, 2, 3, 4, 6A, 6B, and 7; and

(2) from time to time as funds are available in the discretion of the Liquidating Trustee, the net proceeds from the liquidation of the assets conveyed at Closing to the Liquidating Trust, after the payment of the expenses of the Liquidating Trust.

C. The Liquidating Trustee shall be selected initially by a majority vote of the Committee. The terms of the trust agreement creating the Liquidating Trust shall be agreed upon and determined by the Debtors and the Committee and approved by order of the Bankruptcy Court, provided, however, that the compensation of the liquidating trustee and his or her responsibilities and liabilities shall be determined solely by majority vote of the Committee. The assets of the Liquidating Trust shall consist of all of the right, title and interest of the estates of the Debtors in and to the Chesapeake Proceeds, the Sterling Preferred Stock, 50% of the net proceeds from the collection from and after Closing of accounts receivable of the Farm Marketing Group which were more than 180 days past due as of the date of the FMG Sale Order, any claims of the Debtors against the Norsk-Seminole Parties, and any and all claims of the Debtors under 11 U.S.C. §§ 544 (to the extent necessary to obtain relief under §§ 547 and 548), 547 and 548, with the exception of any claims against the Institutional Lenders, Berliner Handels-Und Frankfurter Bank, Sovran Bank, N.A., B.S.F.E. Banque de la Societe Financiere Europeenne, Gulf Atlantic Corporation, Wingate Creek Acquisition Corp., Nu-Gulf Industries, Inc., Erol Beker, Thomas P. O'Brien, Tectrade International Ltd., and Commodities Trading International Corp. Except for the Chesapeake Proceeds, at Closing the Debtors shall sell, assign, convey and transfer the foregoing assets to the Liquidating Trust, free and clear of any and all liens and claims asserted by the Institutional Lenders and free of the liens and claims which are discharged by 11 U.S.C.§ 1141(d)(1). With regard to the Chesapeake Fixed Assets and the Chesapeake Proceeds, (i) the first priority liens of the Institutional Lenders shall remain attached to the Chesapeake Fixed Assets upon Confirmation pursuant to Article V(2)(a)(ii), (ii) by virtue of Confirmation, all liens, claims and encumbrances against the Chesapeake Fixed Assets shall be extinguished, except for the liens of the Institutional Lenders, (iii) the proceeds, if any, from the sale of the Chesapeake Fixed Assets, when and if and to the extent received, shall be paid to the Institutional Lenders but shall not be or be deemed to reduce any Claims of the Institutional Lenders against the Debtors, and (iv) promptly after receipt, the Institutional Lenders shall pay all net proceeds received by them from the sale of the Chesapeake Fixed Assets to the Liquidating Trustee for the benefit of the Liquidating Trust, free and clear of any and all liens and Claims of the Institutional Lenders, or (v) if the Chesapeake Fixed Assets have been sold before Closing, the Debtors shall at Closing turn over cash in an amount equal to the net proceeds theretofore received from the sale of the Chesapeake Fixed Assets to the Liquidating Trustee for the benefit of the Liquidating Trust with any proceeds thereafter received from the sale of the Chesapeake Fixed Assets being treated as provided for above in this paragraph.

D. Class 5 Claims are impaired by the Plan.

ARTICLE IX

CLASS 6
SUPERFOS (6A) and CIT (6B)

A. Class 6(A) shall include all allowed Claims of Superfos, if any, which are claimed to be secured by the Tampa Facility or which allegedly arise as a result of the drawing made by CIT under the Superfos LOC, thus excluding, among other things, any Claims of Superfos which were or could have been the subject of the arbitration pending on the Filing Date. Claims held by Superfos not included in Class 6(A) shall be Claims under Class 5.

B. In full satisfaction, release, and discharge of all Class 6(A) Claims against the Debtors and liens asserted against their properties,

(1) *MPI shall have cured all payment defaults under the assumed Co-Gen Lease*, and Superfos shall retain all of its rights to receive payment from CIT pursuant to the existing agreements among Superfos, CIT, and MPI; or, alternatively

(2) Should the foregoing be found not to satisfy the requirements of 11 U.S.C. § 1129 or should the Debtors elect in their sole discretion, MPI or its assignee shall purchase the Co-Gen Facility from CIT (on the terms set forth below in this Article), and Superfos shall receive a note in the allowed amount of its Class 6A Claim having a term of six (6) years with maturity on the sixth anniversary of Closing, providing for interest at the rate of prime or base rate of The Chase Manhattan Bank, N.A. plus 1.5%, with principal amortized in equal annual payments beginning on the first anniversary of Closing and with interest paid semiannually in arrears, secured by a first priority lien and security interest on the Co-Gen Facility.

C. *In either alternative, the Claims of Superfos in* Class 6(A) are not impaired by the Plan.

D. Class 6(B) shall include all of the Claims of CIT under or in connection with the Co-Gen Lease. At or prior to Confirmation, *MPI shall elect to treat the Claims in Class 6(B) as follows:*

(1) MPI shall have cured all payment defaults under the assumed Co-Gen Lease; CIT shall retain all of its rights under the Co-Gen Lease and other related agreements, and CIT shall not be impaired by the Plan; or, *alternatively*

(2) MPI may purchase the Co-Gen Facility, in which event the Claims in Class 6(B) shall be impaired by the Plan, and CIT shall receive the consideration described in the following paragraph.

E. In the event MPI elects to purchase the Co-Gen Facility, CIT shall sell, assign and transfer the Co-Gen Facility to MPI or its assignee free and clear, except to the extent that CIT and MPI agree otherwise, of any and all liens, claims and encumbrances created by CIT, at which time the Co-Gen Lease shall terminate, and, in consideration for such transfer, CIT shall (i) retain the proceeds from the Superfos LOC, (ii) receive at the closing of the sale of the Co-Gen Facility all right, title and interest to the T Bills or their proceeds, and (iii) receive at the closing of the sale of the Co-Gen Facility an amount of additional cash to be agreed upon by the Debtors, CIT, and the Institutional Lenders. CIT's obligation to sell shall be dependent (a) upon its receipt of the consideration specified in "(ii)" and "(iii)" of the previous sentence and (b) upon the Bankruptcy Court's order finding and ordering that such sale to MPI and the treatment provided for Superfos in paragraph (B)(2) of this Article does not violate the rights of Superfos or any other party identified to the Bankruptcy Court or cause a breach of CIT's or any other party's contractual or other duties, if any, to Superfos or any other party identified to the Bankruptcy Court and that all the consideration to be provided to CIT in the previous sentence shall accrue to CIT free and clear of any claim of Superfos. With respect to clause "(iii)" of this paragraph, the Debtors shall be authorized to pay at the closing of the sale of the Co-Gen Facility the amount of CIT's legal fees and expenses, if any, which the Debtors and CIT agree to be reasonable. In the event of a dispute, the Debtors at the closing of the sale of the Co-Gen Facility shall pay the amount which the Debtors believe to be the reasonable legal fees and expenses of CIT, and the Bankruptcy Court shall, after application by CIT, determine the dispute.

ARTICLE X

CLASS 7
RECLAMATION CLAIMS

A. Class 7 shall include all Reclamation Claims, except those Reclamation Claims asserted by Non-Participating Reclamation Creditors.

B. In full satisfaction, release, and discharge of all Class 7 Claims, each holder of an allowed Reclamation Claim shall receive cash payments equal to the allowed amount of its Class 7 Claim in four equal installments paid at Closing and on the first three anniversaries of Closing. Until the payment of the final installment, the holders of allowed Reclamation Claims shall retain the Reclamation Lien, which lien shall be subject and subordinate to the prior payment in full of the indebtedness, if any, owing to the Institutional Lenders after the reduction, if any, of the Claims of the Institutional Lenders pursuant to the Plan.

C. Any Non-Participating Reclamation Creditor, unless it elects in writing to receive the treatment set forth in the foregoing paragraph, shall not be paid as set forth in the foregoing paragraph but shall be classified under Class 1, 3, 4, or 5 as may be determined by the Bankruptcy Court to be the appropriate classification.

D. Holders of Reclamation Claims in Class 7 shall not be paid interest on their Reclamation Claims.

E. Class 7 Claims are not impaired by the Plan, except in the case of a Non-Participating Reclamation Creditor whom the Bankruptcy Court classifies in Class 5. If the Bankruptcy Court classifies a Non-Participating Reclamation Creditor in Class 5, such creditor shall be entitled to vote only under Class 5.

ARTICLE XI

CLASS 8
COMMON SHAREHOLDERS OF MPI

A. Class 8 shall include the interests of all holders of Common Stock of MPI.

B. Pursuant to the order of Confirmation, all issued and outstanding shares of Common Stock shall be deemed canceled. If the Buyer acquires the stock of the MPI, the New Common Stock shall be issued to the Buyer or its assignee.

C. If the Acquired Assets are sold for an amount necessary for the payment in full of all Claims in Classes 1, 2, 3, 4, 5, 6, and 7, the amount by which the price paid for the Acquired Assets exceeds the amount necessary for the payment in full of all Claims in Classes 1, 2, 3, 4, 5, 6, and 7 shall be paid to the holders of interests in Class 8.

D. The holders of interests in Class 8 are impaired by the Plan.

ARTICLE XII

CLASS 9
INTERESTS IN SUBSIDIARIES

A. Class 9 shall include all interests of all entities (except MPI) holding equity securities issued by PFI, MAF, and PPP or asserting interests (including security interests) in equity securities issued by PFI, MAF, and PPP. Except for interests held by MPI, holders of interests in Class 9 shall neither receive nor retain any property under the Plan, and such equity securities shall be deemed canceled upon Confirmation.

B. Any entity asserting a security interest in the equity securities of MAF may, notwithstanding the provisions of subparagraph A of this Article, assert Claims under Class 4 or 5 on account of the debt allegedly secured by such security interest in such equity securities.

C. Any and all assets and property of PFI and MAF which have not been sold or conveyed as part of the sale of the Farm Marketing Group shall be and be deemed sold, conveyed, assigned and transferred to MPI or the Buyer, as the case may be, in consideration for providing the consideration under the Plan for the benefit of the creditors of PFI and MAF.

ARTICLE XIII

GENERAL PROVISIONS

A. If any objection or opposition is made to the allowance of the Claim or interest of any creditor or shareholder, and such objection or opposition is pending on the date that payments or distributions are to be made, then no payment or distribution shall be made to such creditor or shareholder until an order of the Bankruptcy Court determining the validity and amount of such Claim or interest is entered and is no longer subject to further review or appeal, whereupon the payments and distributions to such creditor or shareholder shall be made.

B. No interest shall be paid or accrued with respect to any Claims, payments, installments or distributions except as specifically set forth in the Plan.

C. On Closing, all then outstanding options or warrants with respect to any equity securities of the Debtors and all equity interests of whatsoever description shall be deemed canceled. The holders of any Claims or interests arising from such cancellation (1) shall neither receive nor retain any property under the Plan and (2) shall be deemed impaired by the Plan.

D. The Committee shall continue in existence until all of the obligations under Article VIII of the Plan to General Creditors have been satisfied or have been deemed satisfied. The Committee shall be the sole representative of the interests of all General Creditors in the event of any dispute under Article VIII of the Plan. The Committee shall have the power, without necessity for approval from the Bankruptcy Court, to settle any dispute with the Debtors concerning Article VIII of the Plan and to bind all General Creditors with respect to any interpretation of Article VIII of the Plan. From the proceeds of the Liquidating Trust, the trustee of the Liquidating Trust shall pay the reasonable expenses of the Committee incurred after Confirmation, including reasonable and necessary fees and expenses of counsel and accountants for the Committee. If any member of the Committee resigns or ceases to serve, the remaining members may elect a replacement member to the Committee. Upon Closing the authority for objecting to, resolving, and compromising Claims in Classes 4 and 5 shall be vested in the Committee. After Confirmation but before Closing, the Debtors shall neither compromise nor seek to reduce any Claims in Class 4 or 5 without approval by the Committee. After Closing the Debtors shall provide reasonable assistance and documents to the Committee in connection with the Committee's objections to Claims.

ARTICLE XIV

EXECUTORY CONTRACTS

The Debtors reserve the right, at any time prior to the Confirmation, to apply for the rejection or assumption of any executory contract or unexpired lease, whether such contract or lease is executory in whole or in part. Any executory contract or unexpired lease not previously assumed or rejected pursuant to specific authorization by the Bankruptcy Court shall, upon Closing, be deemed assumed as of the date of Confirmation unless a motion is then outstanding for the rejection of such contract or lease.

ARTICLE XV

RETENTION OF JURISDICTION

The Court shall retain jurisdiction of this chapter 11 case pursuant to the provisions of 11 U.S.C. §§ 1123(a)(5), (b)(3), (4), (5), 1127, and 1142(b) and any applicable Bankruptcy Rules, to issue orders necessary to the consummation of any transactions involving property of the Debtors, to determine the allowance of Claims and compensation, to authorize the filing of objections to the allowance of Claims, to determine all controversies arising from claims of preferences or other voidable transfers, to determine motions for rejection or assumption of executory contracts and to pass upon Claims resulting therefrom, to determine any disputes as to the classification or allowance of Claims or interests, to hear or determine any adversary proceeding or contested matter commenced prior to Confirmation, to enforce the provisions of the Plan, to correct any defect, cure any omission, or reconcile any inconsistency in the Plan or the order confirming the Plan as may be necessary to carry out the purposes and intent of the Plan, to resolve any justiciable dispute between or among any of the parties to these cases, and in respect of such other matters as may be set forth in the order of Confirmation or as may be authorized under the provisions of the Bankruptcy Code.

Dated: New York, New York
and
Tampa, Florida
September 24, 1992

MULBERRY PHOSPHATES, INC.,
MID-ATLANTIC FERTILIZER, INC.
and PENNSYLVANIA FERTILIZER, INC.

By: /s/ Erol Y. Beker
President of Mulberry Phosphates, Inc.,
Vice President of Pennsylvania Fertilizer, Inc.,
Vice President of Mid-Atlantic Fertilizer, Inc.

FULBRIGHT & JAWORSKI
Attorneys for the Debtors and
Debtors in Possession

By: /s/ William J. Rochelle, III
William J. Rochelle, III
A Member of the Firm
666 Fifth Avenue
New York, New York 10103
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EXHIBIT B

ROYSTER COMPANY

Consolidated Financial Statements and Additional Information

Years ended December 31, 1988 and 1989

With

Report of Independent Auditors

EXHIBIT B

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders
Royster Company

We have audited the accompanying consolidated balance sheets of Royster Company as of December 31, 1988 and 1989, and the related consolidated statements of operations, changes in stockholders' equity (net capital deficiency) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 10 to the consolidated financial statements, the Company has material arrangements and transactions with related parties.

As discussed in Note 19 to the consolidated financial statements, on December 26, 1990, management signed a letter of intent to dispose of the majority of the Company's assets comprising the "Farm Marketing Group," which is a significant portion of the Company.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Royster Company at December 31, 1988 and 1989, and the consolidated results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company's recurring losses from operations and net capital deficiency raise substantial doubt about its ability to continue as a going concern. Management's plans as to these matters are also described in Note 2. The 1989 financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Notes 13 and 17 to the consolidated financial statements, certain claims have been asserted against the Company. The ultimate outcome of these matters cannot be determined at this time. Accordingly, no provision for any gain or loss that may result from these items has been made in the consolidated financial statements.

Our audits have been made primarily for the purpose of expressing an opinion on the basic consolidated financial statements taken as a whole. The accompanying consolidating balance sheet at December 31, 1989 and consolidating statement of operations for the year then ended are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such additional information has been subjected to the procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Ernst + Young

March 30, 1990, except
Notes 2, 8, 13, 17 and 19
as to which the date is
January 7, 1991.

ROYSTER COMPANY

CONSOLIDATED BALANCE SHEETS

December 31, 1988 and 1989
(Dollars in thousands, except per share amounts)

ASSETS (Note 8)

	1988	1989
Current assets:		
Cash	$ 2,770	$ 3,741
Investments	-	3,437
Receivables:		
Trade accounts (less allowances for doubtful accounts and discounts of $2,499 in 1988 and $1,359 in 1989)	11,770	9,381
Notes (less allowance for doubtful notes of $715 in 1988 and $490 in 1989)	1,623	272
Affiliates (Notes 6 and 10)	13,637	-
Due from officers (Note 10)	288	-
Other	1,060	1,146
	28,378	10,799
Inventories (Note 5)	47,770	52,508
Prepaid expenses and other	801	948
Total current assets	79,719	71,433
Property, plant and equipment, at cost (Notes 4 and 13):		
Land	2,908	2,947
Buildings	7,365	7,758
Machinery and equipment	41,110	41,715
Construction in progress	1,250	5,358
	52,633	57,778
Less accumulated depreciation	4,864	9,826
Net property, plant and equipment	47,769	47,952
Due from officers (Note 10)	1,317	2,384
Investments (Note 13)	1,914	7,295
Investments in affiliates (Note 6)	-	2,145
Deferred turnaround costs	1,039	4,322
Other assets	4,375	3,108
	$136,133	$139,139

See accompanying notes.

LIABILITIES AND STOCKHOLDERS' EQUITY (NET CAPITAL DEFICIENCY)

	1988	1989
Current liabilities:		
Note payable to bank (Note 7)	$ 1,000	$ -
Accounts payable:		
Trade	32,214	35,406
Other	9,810	6,714
Affiliate (Note 10)	-	6,716
	42,024	48,836
Customer deposits	5,156	6,799
Accrued liabilities	2,352	1,975
Long-term debt due within one year (Note 8)	7,900	77,863
Total current liabilities	58,932	135,473
Long-term debt (Note 8):		
Stockholder	1,470	-
Other	61,187	1,490
	62,657	1,490
Other noncurrent liabilities	3,025	918
Commitments and contingencies (Notes 4, 8, 10-14, 16, 17 and 19)		
Stock purchase warrants (Note 9)	2,600	1,330
Stockholders' equity (net capital deficiency) (Notes 4, 8 and 9):		
Common stock, $100 par value, 1,000 shares authorized, 100 shares in 1988 and 106 shares in 1989 issued and outstanding	10	11
Additional paid-in capital	1,050	3,049
Retained earnings (deficit)	7,859	(3,132)
Total stockholders' equity (net capital deficiency)	8,919	(72)
	$136,133	$139,139

ROYSTER COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 1988 and 1989
(In thousands)

	1988	1989
Net sales (Note 10) (includes transactions with related parties of approximately $144,300 in 1988 and $153,800 in 1989)	$326,565	$349,702
Cost of sales (Notes 10 and 17) (includes transactions with related parties of approximately $62,200 in 1988 and $83,000 in 1989)	281,134	323,040
Gross profit	45,431	26,662
Selling, general and administrative expenses	26,373	29,365
Operating income (loss)	19,058	(2,703)
Other income (expense):		
Interest income	1,736	2,523
Interest expense (Note 10) (includes transactions with related parties of approximately $800 in 1989)	(7,699)	(11,715)
Financing fee (Note 13)	(2,753)	-
Gain on sale of investments (Note 13)	1,501	1,625
Sundry, net	1,056	(1,141)
	(6,159)	(8,708)
Income (loss) before income tax expense and equity in net losses of affiliates	12,899	(11,411)
Income tax expense (Note 15)	797	170
Income (loss) before equity in net losses of affiliates	12,102	(11,581)
Equity in net losses of affiliates (Note 6)	(1,026)	(680)
Net income (loss)	$ 11,076	$(12,261)

See accompanying notes.

ROYSTER COMPANY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(NET CAPITAL DEFICIENCY)

Years ended December 31, 1988 and 1989
(In thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity (Net Capital Deficiency)
Balance at December 31, 1987	$ 10	$ 1,050	$ (2,417)	$ (1,357)
Net income for the year ended December 31, 1988	-	-	11,076	11,076
Warrant valuation adjustment (Note 9)	-	-	(800)	(800)
Balance at December 31, 1988	10	1,050	7,859	8,919
Net loss for the year ended December 31, 1989	-	-	(12,261)	(12,261)
Warrant valuation adjustment (Note 9)	-	-	1,270	1,270
Conversion of subordinated note to equity (Note 8)	1	1,999	-	2,000
Balance at December 31, 1989	$ 11	$ 3,049	$ (3,132)	$ (72)

See accompanying notes.

ROYSTER COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 1988 and 1989
Increase (Decrease) in Cash
(In thousands)

	1988	1989
Cash flows from operating activities:		
Net income (loss)	$ 11,076	$(12,261)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	4,699	7,883
Gain on sale of investments	(1,824)	(1,625)
Equity in net losses of affiliates	1,026	680
Gain on sale of fixed assets	(71)	(311)
Provision for doubtful accounts and discounts	5,921	5,547
Other	110	(52)
Change in operating assets and liabilities, net of acquisition:		
Trade accounts receivable	(9,894)	(3,153)
Receivables/payables - affiliates	(12,982)	20,353
Inventories	(12,497)	(4,738)
Prepaid expenses and other	(1,357)	(6,320)
Accounts payable, customer deposits and accrued liabilities	16,378	862
Net cash provided by operating activities	585	6,865
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,564)	(5,300)
Acquisition of manufacturing facility	(27,323)	-
Decrease (increase) in investments	1,088	(8,318)
Proceeds from sale of fixed assets	377	438
Deferred financing costs paid	(971)	(297)
Collection of notes and other receivables	1,563	1,300
Investment in Commodities-Trading International Corporation	-	(2,200)
Proceeds from sale of assets held for resale	1,233	-
Other, net	(566)	(939)
Net cash used in investing activities	(29,163)	(15,316)
Cash flows from financing activities:		
Principal payments on note payable to bank	-	(2,200)
Principal payments on long-term debt	(7,907)	(7,478)
Principal payments on revolving lines of credit	(90,000)	(81,270)
Proceeds from note payable to bank	-	1,200
Proceeds from long-term debt	22,500	4,400
Proceeds from revolving lines of credit	104,500	94,770
Net cash provided by financing activities	29,093	9,422
Net increase in cash	515	971
Cash at beginning of year	2,255	2,770
Cash at end of year	$ 2,770	$ 3,741

See accompanying notes.

ROYSTER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1988 and 1989

NOTE 1 - BASIS OF PRESENTATION

Basis of presentation - The consolidated financial statements include all majority-owned subsidiary companies. All significant intercompany balances and transactions have been eliminated. The Company's investments in 50-percent owned affiliates are accounted for by the equity method.

On April 30, 1987, Cedar Holdings, Inc. (CHI) acquired from Superfos Investments Limited (SIL), a wholly owned subsidiary of Superfos a/s (SAS), a Danish company, 100% of the outstanding stock of Royster Company (Royster). At the date of the acquisition, Royster issued a stock dividend of 8.4 shares per share of common stock outstanding to CHI. Additionally, Royster issued a $2,000,000 convertible subordinated note (see Note 8) and six shares of common stock to an off-shore trading company.

Subsequent to April 30, 1987, CHI sold three shares of its Royster stock to an individual for $85,000 which was subsequently repurchased by CHI in January 1989 for $1,050,000. The net effect of these transactions have been reflected in the consolidated financial statements as additional purchase price as if they had occurred on April 30, 1987.

The acquisition of Royster by CHI has been accounted for using the purchase method. The purchase price has been assigned to the net assets acquired based on their relative fair market values at the date of acquisition. Such allocations were based on appraisals, evaluations and estimates. The acquisition was not treated as a purchase of assets for tax purposes; rather, the historical tax basis was carried over after the acquisition.

In May 1989, CHI was merged into Royster. The capital stock of CHI and Royster were canceled and new shares of Royster common stock were issued to the previous stockholders of CHI. As a result of the merger, all transactions between CHI and Royster were eliminated in the consolidated financial statements, and the Company reflected the net liabilities of CHI as if the transaction occurred as of April 30, 1987 after giving effect to the purchase of Royster by CHI.

NOTE 2 - CURRENT MATTERS

The Company incurred significant net losses during the year ended December 31, 1989, and as of December 31, 1989 has a net capital deficiency. The Company was also in default of certain restrictive debt covenants (see Note 8). The Company continued to be in default and experienced additional losses in 1990 which management believes is primarily the result of depressed market conditions.

ROYSTER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1988 and 1989

NOTE 2 - CURRENT MATTERS (CONTINUED)

Unaudited, condensed, consolidated financial information of the Company as of November 30, 1990 and for the eleven months then ended is as follows:

Current assets	$ 50,040
Other noncurrent assets	63,805
	$113,845
Current liabilities	$126,060
Noncurrent liabilities	2,750
Net capital deficiency	(14,965)
	$113,845
Net sales	$358,885
Gross profit	$ 22,299
Other expenses, net	(38,073)
Net loss	$(15,774)

As explained in Note 8, management is negotiating with its banks to restructure certain bank term and revolving debt agreements and to obtain additional financing. In December 1990 management signed a letter of intent with a party to sell the Farm Marketing Group (FMG) portion of the Company's operations (see Note 19). As required by the bank term and revolving debt agreements, the proceeds from the sale of the FMG will be utilized to curtail certain bank debt. Based on the finalization of the bank debt restructuring, the potential sale of the FMG and in anticipation of improved market conditions, management believes that the Company will be in compliance with its debt covenants and that sufficient working capital will be generated from operations and financing arrangements. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories - Inventories are valued principally at the lower of average cost or market.

Deferred turnaround costs - The Company's phosphate manufacturing facilities are shut down periodically, at which time substantial repair and maintenance procedures are performed ("turnaround"). These turnaround costs are deferred and amortized on a straight-line basis over the period until the next scheduled turnaround (generally 2-3 years).

ROYSTER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1988 and 1989

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation - Depreciation is computed by the straight-line method over the estimated useful lives of the respective assets. Accelerated methods are generally used for tax purposes.

Deferred debt issue costs - Certain expenses totalling approximately $1,270,000 related to the issuance and amendment of the Company's and Royster Phosphates, Inc.'s term debt (see Note 8) have been deferred. These costs are being amortized over the terms of the debt. The unamortized portion of these costs at December 31, 1988 and 1989 was approximately $927,000 and $970,000, respectively, and is included in other assets.

Income taxes - Current or deferred tax liabilities or assets are recognized for the consequences of all events that have been recognized in the consolidated financial statements. The tax consequences of an event are measured by applying the provisions of enacted tax laws to determine the amount of taxes payable or refundable currently or in future years.

Pension plans - The Company has certain employee benefit plans covering substantially all employees. Pension expense related to the defined benefit plan consists of actuarially determined service cost, interest cost, return on pension assets, amortization of unrecognized initial net assets. Contributions to the defined contribution plan are made in accordance with the related plan agreement.

Reclassifications - Certain reclassifications have been made to the 1988 consolidated financial statements to conform to the 1989 presentation.

NOTE 4 - ROYSTER PHOSPHATES, INC.

On July 8, 1988, the Company formed a wholly owned subsidiary, Royster Phosphates, Inc. (RPI), for the purpose of acquiring from Consolidated Minerals, Inc. a phosphate manufacturing facility in Palmetto, Florida, which had been idle since 1985. The purchase price was approximately $27,000,000 of which approximately $24,400,000 was for the purchase of property, plant and equipment and $2,600,000 for inventories on hand at date of closing. The purchase was financed with approximately $8,000,000 of cash and with a bank term loan for $19,000,000. RPI also has established a revolving line of credit for $5,000,000. Throughout these consolidated financial statements, RPI's bank term loan and revolving line of credit are referred to as the "RPI debt."

NOTE 4 - ROYSTER PHOSPHATES, INC. (CONTINUED)

Condensed financial information of RPI is as follows (in thousands):

	December 31, 1988	December 31, 1989
Receivable from Commodities-Trading International Corporation (See Notes 6 and 10)	$ 4,074	$ -
Inventories	2,988	4,633
Other	899	1,347
Total current assets	7,961	6,480
Property, plant and equipment, net	23,628	22,470
Other assets	1,230	3,327
	$32,819	$32,777
Payable to Commodities-Trading International Corporation (See Notes 6 and 10)	$ -	$ 4,554
Long-term debt - current portion	3,237	19,193
Other current liabilities	5,031	6,792
Long-term debt	15,627	-
Subordinated note payable to parent	1,500	1,500
Stock purchase warrants	700	30
Stockholder's equity	6,724	708
	$32,819	$32,777

The RPI debt contains certain restrictive covenants that prohibit the transfer of assets to the Company. These restricted assets represent approximately 24% of total consolidated assets at both December 31, 1988 and 1989 (see Note 3).

NOTE 5 - INVENTORIES

Inventories consist of the following (in thousands):

	December 31, 1988	December 31, 1989
Raw materials	$ 3,671	$ 2,732
Fertilizer materials	18,704	23,380
Mixed fertilizers	5,314	3,070
Crop protection chemicals	12,565	15,705
Seeds	1,727	1,350
Sundries and other	5,789	6,271
	$47,770	$52,508

ROYSTER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1988 and 1989

NOTE 5 - INVENTORIES (CONTINUED)

At December 31, 1989 the Company wrote down by approximately $1,400,000 certain fertilizer materials to market.

NOTE 6 - INVESTMENTS IN AFFILIATES

On May 15, 1989, the Company borrowed $4,400,000 under a new bank note to replace previous indebtedness of CHI totalling $2,200,000 (see Note 7) and to finance the acquisition of 50% of the outstanding shares of Commodities-Trading International Corporation's (CTI) common stock from an unaffiliated foreign corporation for a purchase price of $2,200,000. A stockholder and officer of the Company owns the other 50% of CTI's outstanding common stock. Concurrently, with the acquisition, the Company entered into a stockholders' agreement giving the other stockholder the right to nominate a majority of CTI's board of directors and restricting the ability of the stockholders to dispose of their CTI stock.

The Company's investment in CTI is accounted for on the equity method. At May 15, 1989, the purchase price of CTI exceeded the Company's portion of underlying equity in net assets by approximately $1,144,000. This excess is being amortized over a period of 20 years.

During 1989 CTI changed the date of its fiscal year-end from July 31 to December 31. Condensed financial information of CTI as of July 31, 1989 and December 31, 1989 is as follows (in thousands):

	Year Ended July 31, 1989	Five Months Ended December 31, 1989
Current assets	$ 52,271	$ 33,893
Noncurrent assets	1,108	1,207
	$ 53,379	$ 35,100
Current liabilities	$ 51,341	$ 33,017
Noncurrent liabilities	6	4
Stockholders' equity	2,032	2,079
	$ 53,379	$ 35,100
Net sales to Royster	$ 91,225	$ 26,929
Net sales to others	428,562	138,535
Total sales	$519,787	$165,464
Gross profit	$ 7,958	$ 2,551
Other expenses, net	(8,388)	(2,504)
Net income (loss)	$ (430)	$ 47

NOTE 6 - INVESTMENTS IN AFFILIATES (CONTINUED)

During 1987, CHI acquired a 50% interest in Evergreen Resources, Inc. (ERI). The Company became a 50% owner in ERI upon the merger of CHI into the Company (see Note 1). This investment is accounted for on the equity method. Accounts receivable from affiliates includes approximately $400,000 due from ERI at December 31, 1988. These consolidated financial statements reflect 100% of ERI's loss from operations for the periods presented which have been used to reduce the Company's investment in and advances to ERI to zero at December 31, 1989 because the Company and CHI have provided for substantially all of ERI's working capital requirements.

NOTE 7 - NOTE PAYABLE TO BANKS

At December 31, 1988, CHI had an unsecured $1,000,000 demand note payable to a bank with interest payable quarterly at LIBOR plus 1% (8.4% at December 31, 1988). In January 1989, CHI obtained a $1,200,000 note payable from a bank with interest at prime plus 0.5%, secured by a secondary position in three shares of Royster's common stock. On May 15, 1989, the Company borrowed $4,400,000 under a new bank note to replace the aforementioned CHI notes totalling $2,200,000 and to finance the acquisition of 50% of the outstanding shares of CTI's common stock (see Note 6). During 1990 the remaining balance of $3,200,000 was refinanced with a final maturity date of 1993 in connection with the amendment and restatement of the Royster bank debt agreement as described in Note 8. Due to certain events of default further described in Note 3, the note payable balance at December 31, 1989 has been classified as long-term debt due within one year in the accompanying consolidated financial statements.

NOTE 8 - LONG-TERM DEBT

Long-term debt consists of the following:

	December 31, 1988	December 31, 1989
	(in thousands)	
Royster debt:		
Bank revolving loan which provides for borrowings up to $50,000,000 from December 1 through July 31 and $35,000,000 from August 1 through November 30 bearing interest at prime plus 1%, due November 30, 1991. The loan is secured by substantially all personal property of the Company (excluding RPI) including inventories and accounts receivable plus a secondary position on those assets securing the bank term loan.	$ 32,000	$ 42,500

NOTE 3 - LONG-TERM DEBT (CONTINUED)

	December 31, 1988	December 31, 1989
	(in thousands)	
Bank term loan (less unamortized discount of $1,500,000 at December 31, 1988 and $1,200,000 at December 31, 1989) bearing interest due monthly at prime plus 1.5%. Principal payments of $900,000 are due quarterly with final maturity by December 31, 1993. The note is secured by substantially all the Company's real estate, machinery and equipment (excluding RPI) not otherwise pledged plus a secondary position on the current assets securing the bank revolving loan.	15,350	12,050
Convertible subordinated note payable to a stockholder (less unamortized discount of $30,000 at December 31, 1988) bearing interest at 12% for two years and 10% thereafter, due in semiannual payments of $500,000 beginning October 30, 1989 through April 30, 1991. The note is subordinated to all indebtedness of the Company other than to trade creditors as set forth in the Subordination Agreement. On April 30, 1989 the stockholder exercised the option to convert the note into approximately six shares of common stock.	1,970	-
Bank note payable bearing interest due monthly at prime plus 1.5% (see Note 7). Principal payments of $300,000 are due quarterly with final maturity by June 30, 1990. The note is secured by the CTI common stock owned by the Company and a secondary position in four shares of the Company's common stock owned by the Company's two principal stockholders and personal guarantees of the Company's two principal stockholders.	-	3,800
Other	2,373	1,810
RPI debt:		
Bank revolving loan which provides for borrowings up to $5,000,000 bearing interest at prime plus 1%, due July 1, 1993. The note is secured by a secondary position on those assets securing RPI's bank term loan.	1,500	4,500

ROYSTER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1988 and 1989

NOTE 3 - LONG-TERM DEBT (CONTINUED)

	December 31, 1988	December 31, 1989
	(in thousands	
RPI debt (Continued):		
Bank term loan (less unamortized discount of \$278,000 at December 31, 1988 and \$234,000 at December 31, 1989) bearing interest at prime plus 2%. Principal payments are approximately \$680,000 per quarter with final maturity by July 1, 1995. The note is secured by all personal property, including inventories and accounts receivable and a first mortgage on all real estate and fixtures of RPI (see Note 4).	17,364	14,693
Total long-term debt	70,557	79,353
Less: Long-term debt due within one year	7,900	77,863
Long-term debt due after one year	\$ 62,657	\$ 1,490

The prime interest rate at both December 31, 1988 and 1989 was 10.5%.

Interest paid for the years ended December 31, 1988 and 1989 was approximately \$6,375,000 and \$10,406,000, respectively.

Aggregate annual principal payments due under the terms of the long-term debt for the five years subsequent to December 31, 1989 are as follows: 1990 - \$77,863,000; 1991 - \$340,000; 1992 - \$360,000; 1993 - \$390,000; and 1994 - \$400,000. During 1990 the Company repaid \$6,240,000 of the amounts due under the Royster and RPI bank term loans and bank note payable. The majority of the remaining amount disclosed as long-term debt due within one year represents amounts due under the Royster and RPI bank revolving loans and bank term loans if the bank exercised the demand provisions of the related debt agreements given the existing events of default described below. Also as described below, certain amounts due under the Royster bank revolving loan were refinanced during September 1990.

NOTE 3 - LONG-TERM DEBT (CONTINUED)

The Royster debt and RPI debt contain restrictions related to, among other things, maintenance of working capital, maintenance of life insurance on certain key officers, net worth, capital expenditures, incurrence of debt and disposal of assets. In addition, the Company is prohibited from paying dividends. At and during the year ended December 31, 1989, the Company was not in compliance with certain Royster debt and RPI debt covenants. On September 7, 1990 the Company amended and restated the Royster debt agreement which cured substantially all the existing financial events of default. Among other things, the Second Amended and Restated Royster Loan Agreement required Royster to guarantee the RPI debt, provided for the conversion of $25 million of the Royster bank revolving loan into a new extended loan with a final maturity date of 1996, allowed the $3.2 million remaining balance of the bank note payable to be repaid by increasing the existing bank term loan and modified the bank term and revolving loan security. The bank revolving loan's secondary position on the assets securing the bank term loan was changed to a third position. The bank term loan's secondary position on the current assets securing the bank revolving loan was also changed to a third position. Subsequent to September 1990, the Company was not in compliance with certain Royster debt covenants. Neither the Royster nor the RPI events of default have yet been cured. Management is negotiating with the banks to either obtain additional financing, refinance the debt or to obtain amendments and/or waivers to cure the events of default. Accordingly, the long-term portions of the Royster debt and the RPI debt, net of the unamortized discounts, have been classified as current liabilities at December 31, 1989. If the bank should require payment of the Royster debt and/or the RPI debt, the Company's ability to continue as a going concern would depend on its ability to obtain other financing arrangements or sources of working capital.

The Royster debt is secured by a pledge of all of the outstanding shares of Royster's Common Stock and personal guarantees of Royster's two principal stockholders totalling $7,500,000.

The Royster debt and RPI debt provide for certain prepayments based on available cash flow as defined in the respective agreements. No payments were required for the years ended December 31, 1988 and 1989. The Company is also required to pay a monthly commitment fee at a rate of one-half of 1% per annum on the average daily unused portion of the Royster and RPI revolving lines of credit.

The RPI debt requires the Company to maintain an escrow account. Deposits to the account are required to be made based on a formula as defined in the bank term and revolving loan agreement. At December 31, 1989 approximately $1,554,000 has been deposited into the escrow account which is restricted as to use and included in short-term investments. Subsequent to December 31, 1989, the balance of this account was released to the Company.

NOTE 8 - LONG-TERM DEBT (CONTINUED)

As required by the Royster debt agreement, the Company is obligated to pay to the lender 10% of its cumulative net income, as defined, for the separate periods April 1, 1987 through March 31, 1990, April 1, 1990 through March 31, 1991 and April 1, 1991 through March 31, 1992 up to a maximum of $2,000,000 with the first payment date occurring in April 1990. Fees accrued in the accompanying consolidated balance sheet at December 31, 1988 are $134,000. No amounts are accrued at December 31, 1989 since a payment was not required on the April 1990 payment date.

Outstanding letters of credit, not reflected in the accompanying consolidated financial statements, aggregated approximately $900,000 and $700,000 at December 31, 1988 and 1989, respectively.

NOTE 9 - WARRANTS

In conjunction with the Royster debt and the RPI debt, warrants were issued to the banks for a number of shares which equal 5% of the outstanding common stock of Royster and RPI, respectively. The Royster warrants expire in 1992 and the RPI warrants expire in 1993 or thirty days after the bank term and revolving loans are repaid, whichever is later. The warrants also contain antidilutive provisions as well as put provisions allowing unexercised warrants to be sold back to the Company after the second anniversary of the issuance and until the expiration of the warrants. The Royster warrants can be put to the Company at the greater of book value or market value, as defined, of the shares subject to other terms and restrictions as stipulated in the Royster bank loan agreement. The RPI warrants can be put to RPI at the greater of book value, market value or 4.25 times accumulated earnings before taxes, interest and depreciation, as defined, per share subject to other terms and restrictions as stipulated in the RPI bank loan agreement. The Royster and RPI warrants were initially assigned values of $2,000,000 and $300,000, respectively, at the date of issuance. Subsequently, such value is adjusted quarterly to the highest put price of the warrant as an adjustment to retained earnings (deficit). In connection with the amendment and restatement of the Royster bank debt agreement subsequent to December 31, 1989 and described in Note 8, additional warrants were issued to the banks for a number of shares which equal 3% of the outstanding common stock of Royster. The amendment and restatement also provides for the issuance of additional warrants if certain events occur.

ROYSTER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1988 and 1989

NOTE 10 - RELATED PARTY TRANSACTIONS

The Company has various agreements with CTI which give CTI, among other things, the exclusive rights to purchase substantially all of the production of and to supply significant raw material requirements for the Company's phosphate manufacturing operations. Other agreements relate to the Company's anhydrous ammonia terminal and pipeline and certain operations of the Farm Marketing Group. These agreements provide for payment of certain fees to CTI, either at stated rates or as a percentage of revenues and profits, as defined in the agreements.

The Company's transactions with CTI under the aforementioned agreements were approximately as follows (in thousands):

	Year Ended December 31, 1988	1989
Net sales	$141,300	$150,000
Service revenue	3,500	3,800
Purchases	62,200	83,000
Interest expense	-	300
Sales commitments to CTI at end of year	25,600	3,300

Net amounts due from CTI and included in accounts receivable from affiliates at December 31, 1988 were approximately $13,200,000. At December 31, 1989 the net amounts due to CTI and included in accounts payable to affiliate were approximately $6,700,000.

At December 31, 1989 the Company had entered into certain sales commitments with CTI for approximately 54,000 tons of product to be manufactured by the Company's phosphate manufacturing facilities at contract prices below the estimated production cost. Since management has indicated that the commitments will be fulfilled out of future production, the estimated loss resulting from the difference between the contract price and the estimated future production cost of approximately $550,000 has been provided for in the accompanying consolidated financial statements at December 31, 1989.

NOTE 10 - RELATED PARTY TRANSACTIONS (CONTINUED)

During the period January 1, 1990 through November 30, 1990, the Company entered into certain sales commitments with CTI for approximately 550,000 tons of product to be manufactured by the Company's phosphate manufacturing facilities at contract prices below the estimated production cost. These future losses on sales commitments subsequent to December 31, 1989 are estimated to be approximately $6,000,000 and have not been reflected in the accompanying consolidated financial statements.

Included in the long-term portion of due from officers at December 31, 1988 and 1989 are notes receivable plus interest accrued at various rates between 8% and 10% from two principal stockholders who are also officers and directors of the Company. The notes and accrued interest which amount to approximately $1,163,000 and $2,224,000 at December 31, 1988 and 1989, respectively, are due at various dates through 1993.

The Company has agreements with one of its principal stockholders who is also an officer and director which provide for the payment of annual fees. Amounts charged to operations for fees due under these agreements were approximately $165,000 and $540,000 for the years ended December 31, 1988 and 1989, respectively.

NOTE 11 - EMPLOYEE BENEFIT PLANS

The Company and its subsidiaries maintain a defined contribution savings and retirement plan for substantially all salaried and hourly employees excluding the hourly employees at one of the Company's Florida phosphate facilities who are covered under a separate plan. The plan provides for a minimum contribution of 2% of wages and a matching contribution of up to 50% of voluntary employee contributions limited to an additional 3% of wages. Company contributions under this plan were approximately $479,000 and $550,000 for the years ended December 31, 1988 and 1989, respectively.

All hourly employees at one of the Company's Florida phosphate facilities are covered under a noncontributory, defined benefit plan. No contributions were made to this plan during the years ended December 31, 1988 or 1989. Plan assets were approximately $900,000, which approximated the projected benefit obligation at December 31, 1989.

NOTE 11 - EMPLOYEE BENEFIT PLANS (CONTINUED)

The Company has certain discretionary incentive compensation plans which provide incentive compensation for key management personnel and other employees in the Farm Marketing Group. These plans were based on pre-tax income for the six month period ended June 30, 1988 and for the twelve month period ended June 30, 1989. A similar plan has been established for the twelve month period ended June 30, 1990. Expenses charged under these plans approximated $770,000 and $585,000 for the years ended December 31, 1988 and 1989, respectively.

During 1988 and 1989, the Company established a discretionary incentive compensation plan for all employees in the Corporate headquarters which is based on consolidated pre-tax cash income for the respective calendar years. Expenses charged under this plan were $200,000 and $224,000 for the years ended December 31, 1988 and 1989, respectively. A similar plan has been established for 1990.

In addition to providing the aforementioned benefits, the Company also provides certain post-retirement health care and life insurance benefits for retired employees. Substantially all of the Company's employees may become eligible for those benefits if they reach normal retirement age while working for the Company. The cost of retiree health care and life insurance benefits is recognized as expense as claims are paid. These costs, net of premiums received from retirees, were approximately $225,000 and $193,000 for the years ended December 31, 1988 and 1989, respectively.

NOTE 12 - OPERATING LEASES

Net rent expense under noncancelable operating leases approximated $6,600,000 and $7,600,000 for the years ended December 31, 1988 and 1989, respectively.

The Company's future minimum lease commitments, primarily for machinery and equipment, at December 31, 1989 for all noncancelable operating leases are as follows: $7,000,000 in 1990; $6,000,000 in 1991; $4,700,000 in 1992; $3,800,000 in 1993; $3,400,000 in 1994; and $19,700,000 in later years.

NOTE 13 - COGENERATION LEASE AND FINANCING FEE

In December 1985 the Company entered into a sale/leaseback of its cogeneration facility under an operating lease with an initial term of fifteen years. The terms of the lease require semiannual rental payments of approximately $1,546,000. The Company maintains an escrow account which had a balance of approximately $1,914,000 and $7,295,000 included in long-term investments at December 31, 1988 and 1989, respectively, as a guarantee for lease payments covering the last five years of the lease term. At

NOTE 13 - COGENERATION LEASE AND FINANCING FEE (CONTINUED)

December 31, 1989, the balance is invested in U.S. Treasury securities which mature on various dates during 1996 through 2000. In the event of default, under the sale/leaseback agreement, the Company has agreed to indemnify SIL for any losses it may incur. Additionally, SIL has a lien on the Tampa, Florida, ammonia terminal which has a book value of approximately $1,270,000 at December 31, 1989 and the Company's joint venture interest in the ammonia pipeline (see Note 14).

As required by the Purchase and Sale Agreement between CHI and SIL, SIL is required to provide certain financial accomodations to the Company. The financial accomodations include requiring SIL to continue maintaining an escrow account sufficient to guarantee the first ten years of the cogeneration lease payments and providing letters of credit guaranteeing certain industrial revenue bond indebtedness of the Company. As compensation for these continuing financial accomodations, the Company is required to pay SIL annually 25% of its pre-tax net income, as defined, of its Mulberry phosphate manufacturing facility through 1991. Amounts due under this agreement of approximately $3,000,000 have been accrued at December 31, 1989. Subsequent to December 31, 1989, the Company made a payment of approximately $2,600,000 to SIL.

SIL filed a demand for arbitration on December 29, 1988 seeking a ruling as to the propriety of the aforementioned fee calculation. SIL claims that they are due approximately $600,000 under their interpretation of the agreement for the period ended December 31, 1987. On July 31, 1989, Royster served an answer denying SIL's claims and asserting counterclaims for at least approximately $1,040,000 for breaches of various representations and warranties in the agreement. Arbitration proceedings commenced subsequent to December 31, 1989. The arbitration board has not yet ruled on the proceedings. On May 16, 1990 SIL amended the demand to seek additional sums of approximately $1,200,000 for fees due for the year ended December 31, 1988. Management believes that the claims by SIL are without merit. Due to the uncertainty of arbitration proceedings, the ultimate outcome and resulting impact on amounts recorded for the applicable periods cannot be determined at this time.

NOTE 14 - INVESTMENT IN JOINT VENTURE

The Company is a 50% partner in a joint venture which leases the entire capacity of an underground pipeline that extends from the partners' anhydrous ammonia terminals on Tampa Bay to their phosphate manufacturing facilities. The pipeline is a common carrier and transports ammonia for the partners and others. Each partner is obligated to pay a minimum of $450,000 per year to the owner of the pipeline through 1997. The Company's equity in the income or loss of the joint venture has not been significant in any period reported.

ROYSTER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1988 and 1989

NOTE 15 - INCOME TAXES

The components of income tax expense applicable to federal and state income taxes are as follows (in thousands):

	Year Ended December 31, 1988	1989
Current:		
Federal	$269	$ -
State	404	130
	673	130
Deferred:		
Federal	46	57
State	78	(17)
	124	40
Total income tax expense	$797	$170

Income tax expense for 1988 differs from amounts computed by applying statutory tax rates to income before income tax expense, primarily because of the impact of the utilization of net operating loss carryforwards, federal alternative minimum taxes, state income taxes and equity in net losses of affiliates.

Income tax expense for 1989 results primarily from federal alternative minimum tax and state income taxes.

Income taxes paid, net of refunds received, for the years ended December 31, 1988 and 1989 were approximately $290,000 and $1,006,000, respectively. Subsequent to December 31, 1989, a refund of $675,000 was received by the Company.

At December 31, 1989, the Company has consolidated net operating loss carryforwards (NOL's), exclusive of preacquisition carryforwards, of approximately $37,500,000 for income tax return purposes which will be available to reduce future taxable income through 2004.

NOTE 15 - INCOME TAXES

At December 31, 1989, the Company has approximately $33,000,000 and $31,000,000 of preacquisition net operating loss carryforwards available for regular tax and alternative minimum tax (AMT) purposes, respectively. Under Section 382 of the Internal Revenue Code, a company that undergoes a change of ownership will be limited as to the amount of future income that can be offset with preacquisition losses. As a result of the ownership change in April 1987, the Company's utilization of its preacquisition losses is subject to annual limitations for both regular and AMT purposes. Because of this limitation, the Company anticipates that a minimum of $4,800,000 annually of net operating loss carryforwards are available to offset taxable income through the year 2001. Any unused limitation carries over to the next year.

For financial reporting purposes, deferred federal income taxes have not been provided as a result of recognizing NOL carryforwards. There are NOL carryforwards for financial reporting purposes of approximately $54,000,000, most of which expire between 2001 and 2004. The difference between NOL's for financial reporting and tax purposes is a result of temporary differences arising primarily from the use of accelerated depreciation for tax purposes, differences between book and tax amortization periods, and the use of the direct write-off method for bad debts for tax purposes.

As a result of NOL carryovers, the Company's deferred federal tax liability was determined based on the AMT calculation. The Company has postacquisition AMT NOL carryforwards of approximately $22,500,000, which expire in 2004. Additionally, the Company has an AMT credit carryforward for tax purposes of approximately $259,000 which will be available to reduce future regular income tax.

NOTE 16 - EMPLOYMENT CONTRACTS

During 1987 and 1988, the Company and RPI entered into employment agreements with certain officers which provide for basic annual salaries aggregating $900,000 plus, in certain cases, additional compensation based on earnings as defined in the contracts. The contracts expire at various dates from 1990 through 1992. Amounts charged to operations for additional compensation due to officers based on earnings were $940,000 and $108,000 for the years ended December 31, 1988 and 1989, respectively.

ROYSTER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1988 and 1989

NOTE 17 - COMMITMENTS AND CONTINGENCIES

The Company has a long-term phosphate rock purchase contract under which it purchases all of its annual phosphate rock requirements from IMC Fertilizer, Inc. (IMC) through 1998. During 1990, Royster became in default of the agreement due to the Company's failure to pay certain outstanding invoices totalling approximately $3.5 million in a timely manner. On December 1, 1990, IMC formally presented a demand for payment within 30 days for amounts due under the contract. Management is currently negotiating with IMC and has proposed to repay the amounts due over the period from January 1, 1991 through July 31, 1991. However, a settlement has not been reached, and the ultimate outcome of these events cannot be determined at this time.

The Company is obligated to supply its excess electrical power produced by the Company's leased cogeneration facility to a public utility. For the period April 1, 1992 through March 31, 2002, the Company is required to supply minimum amounts of power as defined by the agreement.

The Company has signed a letter of intent to construct a sulfuric acid plant with an electric cogeneration plant at RPI's phosphate manufacturing facility in order to reduce its dependence on outside electric sources, support increased production, reduce production costs and supply its sulfuric acid needs. The Company has a commitment from an outside contractor to construct the sulfuric acid and electric cogeneration facility on a turnkey basis at a cost of approximately $40,000,000. The Company has incurred certain nonrefundable costs totalling $375,000 in connection with this project which have been deferred and included in other assets at December 31, 1989.

During 1989 a sulfuric acid spill occurred at RPI's phosphate manufacturing facility. Manatee County and other parties have filed certain claims against the Company related to this incident. Management does not believe that the ultimate resolution of these matters will have a material effect on the financial position or results of operations of the Company. Accordingly, no amounts relating to these issues have been provided for in the accompanying consolidated financial statements.

NOTE 17 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

During July 1990 the Company was served with a complaint by the Environmental Protection Agency alleging certain Resource Conservation and Recovery Act violations regarding the storage and labeling of two hazardous wastes at one of the Company's granulation plants. The Company answered the complaint which seeks total damages of approximately $380,000 and requested an administrative hearing. In addition, the Company was served with an order by the Virginia Department of Waste Management alleging six violations of the Virginia Hazardous Waste Regulations at the plant. The order seeks a total penalty of approximately $155,000. Management believes that the Company has meritorious defenses to both allegations and intends to contest the cases vigorously. The ultimate outcomes of these cases cannot be determined at this time. However, management believes that the final resolution of this matter will not have a material effect on the Company's financial position or results of operations. Accordingly, no amounts relating to these issues have been provided for in the accompanying consolidated financial statements.

During the period March 1983 through June 1988, the Company made bond principal and interest payments to the Tampa Port Authority (the Authority) in accordance with the Supplemental Facilities Agreement between the Company and the Authority. During May 1988, the Florida Department of Revenue issued a sales tax proposed assessment (including penalties and interest) against the Authority claiming that the bond principal and interest payments received from the Company and others were in fact lease payments made by the various lessors for the use of real property upon which sales tax should have been assessed. The Authority has advised the Company that if the Authority is required to pay the proposed assessment, the Company would be obligated to reimburse the Authority for the portion of the tax, penalty and interest attributable to the Company's payments. This amount is estimated to be approximately $475,000. The Authority filed a lawsuit challenging the assessment during 1989; however, there has been little activity in the litigation. Management intends to contest the Company's portion of the proposed assessment against the Authority. The ultimate outcome of the case cannot be determined at this time. However, management believes that the final resolution of the matter will not have a material effect on the Company's financial position or results of operations. Accordingly, no amounts relating to this issue have been provided for in the accompanying consolidated financial statements.

ROYSTER COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1988 and 1989

NOTE 18 - GAIN ON SALE OF INVESTMENTS

In 1987 and 1988, certain assets were sold for $4,000,000 of which $2,000,000 was collected and a gain of $1,501,000 was recognized in 1988. The remaining gain of $2,000,000, included in other non-current liabilities at December 31, 1988, was deferred for recognition when collected. In settlement of the uncollected portion, the Company received $1,300,000 during 1989 and recognized a gain, net of accrued interest income, of approximately $1,625,000.

NOTE 19 - SUBSEQUENT EVENTS

On November 30, 1990, a principal stockholder who is also an officer and director of the Company formed a new corporation, Wingate Creek Acquisition Corporation (WCAC), which purchased 100% of the outstanding shares of Gulf Atlantic Corporation (GAC). GAC is the owner of Nu-Gulf Industries, Inc. (Nu-Gulf) which owns the Wingate Creek phosphate rock mine. Concurrently with this transaction, WCAC entered into a phosphate rock purchase contract with Nu-Gulf and a phosphate rock sales contract with RPI.

On December 26, 1990, management signed a letter of intent to dispose of the majority of the Company's assets comprising the FMG operations, a significant portion of the Company's operations. The letter of intent provides for, among other things, the sale of substantially all of the assets of the FMG along with the assumption by the purchaser of certain liabilities, as defined. The consideration to be received by the Company for the sale is composed of $22.5 million in cash, an amount in cash equal to 100% of the net working capital to be acquired, and 10% of the incremental gross profit of the FMG above certain levels specified in the letter of intent during the years 1991 through 1997 not to exceed $6.0 million. Based on the present terms, management believes the sale will result in a gain for financial reporting purposes. Accordingly, no adjustments to the carrying value of assets and liabilities have been made to the accompanying consolidated financial statements.

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ROYSTER COMPANY

ADDITIONAL INFORMATION

Year ended December 31, 1989

ROYSTER COMPANY

CONSOLIDATING BALANCE SHEET

December 31, 1989
(Dollars in thousands, except per share amounts)

ASSETS

	Royster Company	Royster Phosphates, Inc.	Elimination of Intercompany Transactions	Royster Company Consoli[illegible]
Current assets:				
Cash	$ 3,737	$ 4	$ -	$ 3,74
Investments	1,883	1,554	-	3,43
Receivables:				
Trade accounts (less allowance for doubtful accounts and discounts of $1,359)	9,534	-	(153)	9,38
Notes (less allowance for doubtful notes of $490)	272	-	-	27
Other	1,302	274	(430)	1,[illegible]
	11,108	274	(583)	10,79
Inventories	47,875	4,633	-	52,50
Prepaid expenses and other	933	15	-	94
Total current assets	65,536	6,480	(583)	71,4[illegible]
Property, plant and equipment, at cost:				
Land	1,520	1,427	-	2,9
Buildings	5,210	2,548	-	7,7
Machinery and equipment	20,959	20,756	-	41,7
Construction in progress	4,297	1,061	-	5,3
	31,986	25,792	-	57,7
Less accumulated depreciation	6,504	3,322	-	9,[illegible]
Net property, plant and equipment	25,482	22,470	-	47,[illegible]
Due from officers	2,384	-	-	2,
Investments	7,295	-	-	7,
Investments in affiliates	2,853	-	(708)	2,
Deferred turnaround costs	2,376	2,446	-	4,
Other assets	3,227	1,381	(1,500)	3,
	$109,153	$32,777	$(2,791)	$139

LIABILITIES AND STOCKHOLDERS' EQUITY (NET CAPITAL DEFICIENCY)

	Royster Company	Royster Phosphates, Inc.	Elimination of Intercompany Transactions	Royster Company Consolidated
Current liabilities:				
Accounts payable:				
Trade	$ 29,903	$ 5,920	$ (417)	$ 35,406
Other	6,361	353	-	6,714
Affiliate	2,162	4,554	-	6,716
	38,426	10,827	(417)	48,836
Customer deposits	6,799	-	-	6,799
Accrued liabilities	1,622	519	(166)	1,975
Long-term debt due within one year	58,670	19,193	-	77,863
Total current liabilities	105,517	30,539	(583)	135,473
Long-term debt	1,490	1,500	(1,500)	1,490
Other noncurrent liabilities	918	-	-	918
Commitments and contingencies				
Stock purchase warrants	1,300	30	-	1,330
Stockholders' equity (net capital deficiency):				
Common stock, $100 par value, 1,000 shares authorized, 106 shares issued and outstanding	11	-	-	11
Additional paid-in capital	3,049	6,000	(6,000)	3,049
Retained earnings (deficit)	(3,132)	(5,292)	5,292	(3,132)
Total stockholders' equity (net capital deficiency)	(72)	708	(708)	(72)
	$109,153	$32,777	$(2,791)	$139,139

ROYSTER COMPANY

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended December 31, 1989
(In thousands)

	Royster Company	Royster Phosphates, Inc.	Elimination of Intercompany Transactions	Royster Company Consolidat
Net sales	$283,666	$66,453	$ (417)	$349,70
Cost of sales	253,872	69,585	(417)	323,34
Gross profit	29,794	(3,132)	-	26,56
Selling, general and administrative expenses	28,840	525	-	29,36
Operating income (loss)	954	(3,657)	-	(2,70
Other income (expense):				
Interest income	2,382	141	-	2,52
Interest expense	(8,325)	(3,390)	-	(11,71
Gain on sale of investments	1,625	-	-	1,52
Sundry, net	(1,068)	(73)	-	(1,14
	(5,386)	(3,322)	-	(8,70
Loss before income tax expense (benefit) and equity in net losses of affiliates	(4,432)	(6,979)	-	(11,41
Income tax expense (benefit)	463	(293)	-	17
Loss before equity in net losses of affiliates	(4,895)	(6,686)	-	(11,58
Equity in net losses of affiliates	(7,366)	-	6,686	(68
Net income (loss)	$(12,261)	$(6,686)	$ 6,686	$(12,25

EXHIBIT C

Royster

CONSOLIDATED

RESULTS OF OPERATIONS

December 31, 1990

February 22, 1991

EXHIBIT C

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ROYSTER COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
ONE MONTH ENDED DECEMBER 31, 1990
(AMOUNTS IN 000'S)

[illegible]

	ROYSTER COMBINED		ROYSTER PHOSPHATES		ELIMINATIONS		ROYSTER CONSOLIDATED		
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	PRIOR YEAR
			@S153/ST	@S153/ST					
NET SALES	$16,120	18,121	7,284	6,120	(1,263)		22,141	24,241	[illegible]
COST OF GOODS SOLD	16,222	15,833	7,991	6,002	(1,263)		22,950	21,835	[illegible]
GROSS MARGIN	$(101)	2,288	(707)	118			(809)	2,406	[illegible]
GROSS MARGIN %	(0.63)%	12.63 %	(9.71)%	1.93 %			(3.65)%	9.93 %	[illegible]
S,G,& A EXPENSES	$2,553	2,114	22				2,575	2,114	2,443
OPERATING INCOME (LOSS)	$(2,654)	174	(729)	118			(3,383)	292	(4,554)
OTHER INCOME (EXPENSE):									
INTEREST INCOME	$104	152					104	152	[illegible]
INTEREST EXPENSE (1)	$(855)	(846)	(308)				(1,163)	(846)	[illegible]
INTERCO. INTEREST	$14		(14)						
SUNDRY - NET	(548)	(14)	(8)				(556)	(14)	(746)
NET OTHER	$(1,285)	(708)	(329)				(1,614)	(708)	(1,365)
EARNINGS BEFORE TAXES	$(3,939)	(534)	(1,058)	118			(4,997)	(416)	(5,920)
TAX PROVISION (BENEFIT)	$268		44		(525)		(213)		(105)
NET EARNINGS (LOSS)	$(4,207)	(534)	(1,102)	118	525		(4,783)	(416)	(5,814)
EARNINGS BEFORE TAXES	$(3,939)	(534)	(1,058)	118			(4,997)	(416)	(5,920)
NONCASH ITEMS	766	329	361	343			1,127	672	[illegible]
CASH INCOME/(LOSS)	$ (3,173)	(205)	(697)	461			(3,870)	256	(4,509)

INTEREST EXPENSE: (1)

TERM LOAN	133	
REVOLVER	43	
OTHER	132	
TOTAL	308	

ROYSTER COMBINED (EXCLUDING ROYSTER PHOSPHATES, INC.)
CONSOLIDATING STATEMENT OF OPERATIONS
ONE MONTH ENDED DECEMBER 31, 1990
(AMOUNTS IN 000 S)

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	FARM MARKETING		MULBERRY		TAMPA TERM/PIPELINE		CHESAPEAKE PLANT		CORPORATE		ELIMINATIONS		ROYSTER COMBINED		
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	PRIOR YEAR
			[illegible]	[illegible]											
NET SALES	$5,630	8,458	9,996	9,180	423	483	602				(531)		16,120	18,121	14,928
COST OF GOODS SOLD	4,574	7,215	11,241	8,374	409	244	528				(531)		16,221	15,833	11,602
GROSS MARGIN	$1,055	1,243	(1,245)	806	15	239	74						(101)	2,288	(675)
GROSS MARGIN %	18.75 %	14.70 %	(12.46)%	8.78 %	3.44 %	49.48 %	12.30 %	0.00 %	0.00 %	0.00 %			(0.63)%	12.63 %	(6.16)%
S,G,& A EXPENSES	$1,805	1,567	6	41					442	506	300		2,553	2,114	2,390
OPERATING INCOME (LOSS)	$(750)	(324)	(1,251)	765	15	239	74		(442)	(506)	(300)		(2,654)	174	(3,071)
OTHER INCOME (EXPENSE):															
INTEREST INCOME	$38	36	1						65	116			104	152	175
INTEREST EXPENSE (1)	$(26)		(171)						(658)	(846)			(855)	(846)	(965)
INTERCO. INTEREST	$86		(234)		30		14		124		(5)		15		15
SUNDRY NET	$151	14							(709)	(28)	10		(548)	(14)	(740)
NET OTHER	$249	50	(405)		30		14		(1,179)	(758)	6		(1,285)	(708)	(1,036)
EARNINGS BEFORE TAXES	$(500)	(274)	(1,656)	765	44	239	88		(1,620)	(1,264)	(294)		(3,939)	(534)	(4,108)
TAX PROVISION (BENEFIT)	$(372)				166				(2,460)		2,934		268		463
NET EARNINGS (LOSS)	$(128)	(274)	(1,656)	765	(122)	239	88		839	(1,264)	(3,228)		(4,207)	(534)	(4,571)
EARNINGS BEFORE TAXES	$(500)	(274)	(1,656)	765	44	239	88		(1,620)	(1,264)	(294)		(3,939)	(534)	(4,108)
NONCASH ITEMS	$(253)	63	324	264	14	14	5		375	(12)	300		766	329	1,058
CASH INCOME/(LOSS)	$(753)	(211)	(1,332)	1,029	58	253	93		(1,245)	(1,276)	6		(3,173)	(405)	(3,050)

INTEREST EXPENSE: (1)		
TERM LOAN	$136	295
EXTENDED TERM LOAN	248	
REVOLVER	240	321
AMORT. OF DISCOUNT	25	
BRIDGE LOAN		145
OTHER	9	85
ADDT'L INTEREST		
TOTAL	$658	846

NOTES:

Actual results compared to the March 8, 1990 Budget which does not reflect intercompany interest nor income taxes at the divisional level

Certain differences may exist due to rounding

ROYSTER COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR-TO-DATE DECEMBER 31, 1990
(AMOUNTS IN 000'S)

	ROYSTER COMBINED		ROYSTER PHOSPHATES		ELIMINATIONS		ROYSTER CONSOLIDATED		
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	PRIOR YEAR
NET SALES	$305,471	322,484	78,158	67,062	(2,602)	(340)	381,027	389,206	349,703
COST OF GOODS SOLD	278,058	286,287	84,081	70,859	(2,602)	(340)	359,537	356,806	323,041
GROSS MARGIN	$27,413	36,197	(5,922)	(3,797)			21,491	32,400	26,663
GROSS MARGIN %	8.97 %	11.22 %	(7.58)%	(5.66)%			5.64 %	8.33 %	7.62 %
S,G,& A EXPENSES	$30,398	30,443	321				30,719	30,443	29,367
OPERATING INCOME (LOSS)	$(2,985)	5,754	(6,244)	(3,797)			(9,229)	1,957	(2,704)
OTHER INCOME (EXPENSE):									
INTEREST INCOME	$2,439	2,456	28	13			2,467	2,469	2,523
INTEREST EXPENSE (1)	$(9,395)	(10,235)	(3,436)	(667)			(12,831)	(10,902)	(11,7[illegible])
INTERCO. INTEREST	$166	1	(166)					1	2
SUNDRY - NET	(817)	(213)	(56)	(6)			(873)	(219)	(197)
NET OTHER	$(7,607)	(7,991)	(3,630)	(660)			(11,237)	(8,651)	(9,388)
EARNINGS BEFORE TAXES	$(10,592)	(2,237)	(9,874)	(4,457)			(20,465)	(6,694)	(12,093)
TAX PROVISION (BENEFIT)	$574		(481)				93		170
NET EARNINGS (LOSS)	$(11,166)	(2,237)	(9,392)	(4,457)			(20,558)	(6,694)	(12,263)
EARNINGS BEFORE TAXES	$(10,592)	(2,237)	(9,874)	(4,457)			(20,465)	(6,694)	(12,093)
NONCASH ITEMS	$5,268	4,054	4,373	4,125			9,642	8,179	9,398
CASH INCOME/(LOSS)	$(5,323)	1,817	(5,500)	(332)			(10,824)	1,485	(2,695)

INTEREST EXPENSE: (1)		
TERM LOAN	1,703	460
REVOLVER	505	128
OTHER	1,228	79
TOTAL	3,436	667

ROYSTER COMBINED (EXCLUDING ROYSTER PHOSPHATES, INC.)
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR-TO-DATE DECEMBER 31, 1990
(AMOUNTS IN 000'S)

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	FARM MARKETING ACTUAL	FARM MARKETING BUDGET	MULBERRY ACTUAL	MULBERRY BUDGET	TAMPA TERM/PIPELINE ACTUAL	TAMPA TERM/PIPELINE BUDGET	CHESAPEAKE PLANT ACTUAL	CHESAPEAKE PLANT BUDGET	CORPORATE ACTUAL	CORPORATE BUDGET	ELIMINATIONS ACTUAL	ELIMINATIONS BUDGET	ROYSTER COMBINED ACTUAL	ROYSTER COMBINED BUDGET	ROYSTER COMBINED PRIOR YEAR
NET SALES	$208,550	222,547	105,691	94,961	4,477	5,702	8,756	904			(14,003)	(1,630)	305,471	322,484	283,627
COST OF GOODS SOLD	169,642	190,174	109,870	93,941	3,698	2,963	8,922	909			(14,074)	(1,700)	278,058	286,287	253,873
GROSS MARGIN	$38,908	32,373	(4,178)	1,020	779	2,739	(165)	(5)			70	70	27,413	36,197	29,795
GROSS MARGIN %	18.66 %	14.55 %	(3.95)%	1.07 %	17.39 %	48.04 %	(1.89)%	(0.55)%	0.00 %	0.00 %			8.97 %	11.22 %	10.50 %
S,G,& A EXPENSES	$24,729	24,233	106	275			(50)		5,613	5,935			30,398	30,443	28,842
OPERATING INCOME (LOSS)	$14,179	8,140	(4,284)	745	779	2,739	(115)	(5)	(5,613)	(5,935)	70	70	(2,985)	5,754	953
OTHER INCOME (EXPENSE):															
INTEREST INCOME	$1,251	1,080	8				1		1,178	1,376			2,439	2,456	2,382
INTEREST EXPENSE (1)	$(130)	(54)	(941)						(8,323)	(10,181)			(9,395)	(10,235)	(8,500)
INTERCO. INTEREST	630		(1,856)	1	439		202		1,351				166	1	183
SUNDRY - NET	685	188	(808)	(3)					693	(420)	(2,087)	30	(817)	(213)	(123)
NET OTHER	$3,835	1,214	(2,897)	(2)	439		203		(5,100)	(9,233)	(2,087)	30	(7,607)	(7,991)	(6,067)
EARNINGS BEFORE TAXES	$18,014	9,354	(7,181)	743	1,217	2,739	88	(5)	(10,713)	(15,168)	(2,017)	100	(10,592)	(2,237)	(5,114)
TAX PROVISION (BENEFIT)	$2,469				565				(2,460)				574		464
NET EARNINGS (LOSS)	$15,546	9,354	(7,181)	743	652	2,739	88	(5)	(8,253)	(15,168)	(2,017)	100	(11,166)	(2,237)	(5,578)
EARNINGS BEFORE TAXES	$18,014	9,354	(7,181)	743	1,217	2,739	88	(5)	(10,713)	(15,168)	(2,017)	100	(10,592)	(2,237)	(5,114)
NONCASH ITEMS	$1,407	751	3,543	3,168	165	168	11	5	143	(38)			5,268	4,054	5,505
CASH INCOME/(LOSS)	$19,422	10,105	(3,639)	3,911	1,382	2,907	99		(10,571)	(15,206)	(2,017)	100	(5,323)	1,817	381

INTEREST EXPENSE: (1)		
TERM LOAN	$1,510	3,192
EXTENDED TERM LOAN	894	
REVOLVER	4,960	4,557
AMORT. OF DISCOUNT	300	83
BRIDGE LOAN	276	1,393
OTHER	382	961
ADDT'L INTEREST		
TOTAL	$8,323	10,181

(AMOUNTS IN 000'S)

	ROYSTER COMBINED		ROYSTER PHOSPHATES		ELIMINATIONS		ROYSTER CONSOLIDATED		
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	PRIOR YEAR
NET SALES	$52,718	51,654	22,638	18,360	(1,263)		74,093	70,014	51,528
COST OF GOODS SOLD	49,876	45,181	23,572	18,006	(1,263)		72,185	63,187	53,351
GROSS MARGIN	$2,842	6,473	(934)	354			1,908	6,827	(1,823)
GROSS MARGIN %	5.39 %	12.53 %	(4.13)%	1.93 %			2.58 %	9.75 %	(3.54)%
S,G,& A EXPENSES	$6,849	6,378	56				6,905	6,378	6,396
OPERATING INCOME (LOSS)	$(4,007)	95	(990)	354			(4,997)	449	(8,219)
OTHER INCOME (EXPENSE):									
INTEREST INCOME	$448	520	4				452	520	600
INTEREST EXPENSE (1)	$(2,564)	(2,539)	(874)				(3,438)	(2,539)	(2,173)
INTERCO. INTEREST	$42		(42)						
SUNDRY - NET	(1,000)	(40)	(25)				(1,025)	(40)	(990)
NET OTHER	$(3,073)	(2,059)	(938)				(4,011)	(2,059)	(2,564)
EARNINGS BEFORE TAXES	$(7,080)	(1,964)	(1,928)	354			(9,008)	(1,610)	(10,783)
TAX PROVISION (BENEFIT)	$238		44		(525)		(243)		270
NET EARNINGS (LOSS)	$(7,318)	(1,964)	(1,971)	354	525		(8,765)	(1,610)	(11,052)
EARNINGS BEFORE TAXES	$(7,080)	(1,964)	(1,928)	354			(9,008)	(1,610)	(10,783)
NONCASH ITEMS	1,838	987	1,104	1,029			2,942	2,016	3,158
CASH INCOME/(LOSS)	$(5,242)	(977)	(824)	1,383			(6,066)	406	(7,625)

INTEREST EXPENSE: (1)

TERM LOAN	404	
REVOLVER	129	
OTHER	341	
TOTAL	874	

ROYSTER COMBINED (EXCLUDING ROYSTER PHOSPHATES, INC.)
CONSOLIDATING STATEMENT OF OPERATIONS
QUARTER ENDED DECEMBER 31, 1990
(AMOUNTS IN 000'S)

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	FARM MARKETING		MULBERRY		TAMPA TERM/PIPELINE		CHESAPEAKE PLANT		CORPORATE		ELIMINATIONS		ROYSTER COMBINED		
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	PRIOR YEAR
NET SALES	$20,991	22,665	29,497	27,540	1,402	1,449	2,075				(1,197)		52,710	51,654	54,784
COST OF GOODS SOLD	17,488	19,327	30,574	25,122	1,028	732	1,982				(1,197)		49,875	45,181	54,050
GROSS MARGIN	$3,503	3,338	(1,078)	2,418	374	717	43						2,842	6,473	734
GROSS MARGIN %	16.69 %	14.73 %	(3.65)%	8.78 %	26.70 %	49.48 %	2.11 %	0.00 %	0.00 %	0.00 %			5.39 %	12.53 %	2.14 %
S,G,& A EXPENSES	$5,279	4,737	16	123					1,554	1,518			6,849	6,378	6,309
OPERATING INCOME (LOSS)	$(1,776)	(1,399)	(1,094)	2,295	374	717	43		(1,554)	(1,518)			(4,007)	95	(5,575)
OTHER INCOME (EXPENSE):															
INTEREST INCOME	$184	175	2						262	345			448	520	566
INTEREST EXPENSE (1)	$(64)	(1)	(500)						(2,000)	(2,538)			(2,564)	(2,539)	(1,203)
INTERCO. INTEREST	$179		(710)		94		45		434		(1)		41		44
SUNDRY - NET	158	44							(1,175)	(84)	17		(1,000)	(40)	(970)
NET OTHER	$458	218	(1,208)		94		45		(2,479)	(2,277)	16		(3,073)	(2,059)	(1,645)
EARNINGS BEFORE TAXES	$(1,318)	(1,181)	(2,302)	2,295	469	717	88		(4,033)	(3,795)	16		(7,080)	(1,964)	(7,219)
TAX PROVISION (BENEFIT)	$(694)				311				(2,460)		3,081		238		463
NET EARNINGS (LOSS)	$(624)	(1,181)	(2,302)	2,295	158	717	88		(1,573)	(3,795)	(3,066)		(7,318)	(1,964)	(7,683)
EARNINGS BEFORE TAXES	$(1,318)	(1,181)	(2,302)	2,295	469	717	88		(4,033)	(3,795)	16		(7,080)	(1,964)	(7,219)
NONCASH ITEMS	$(25)	189	980	792	41	42	15		827	(36)			1,838	987	2,105
CASH INCOME/(LOSS)	$(1,344)	(992)	(1,322)	3,087	510	759	103		(3,206)	(3,831)	16		(5,242)	(977)	(5,114)

INTEREST EXPENSE: (1)	ACTUAL	BUDGET
TERM LOAN	$413	885
EXTENDED TERM LOAN	751	
REVOLVER	728	963
AMORT. OF DISCOUNT	75	
BRIDGE LOAN		435
OTHER	33	255
ADDT'L INTEREST		
TOTAL	$2,000	2,538

ROYSTER COMBINED - CORPORATE GROUP
SELLING, GENERAL & ADMINISTRATIVE EXPENSES ($000'S)
DECEMBER 31, 1990

SG&A
01/24/91
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	HEADQUARTERS ACTUAL	EXECUTIVE GROUP ACTUAL	FINANCE GROUP ACTUAL	MARKETING OPERATIONS ACTUAL	TOTAL CORPORATE GROUP ACTUAL	TOTAL CORPORATE GROUP BUDGET	YTD CORPORATE GROUP ACTUAL	YTD CORPORATE GROUP BUDGET
SALARIES		29	117	16	162	165	1,935	1,925
PAYROLL RELATED EXPENSES	$64	2	16	2	84	40	407	457
LEGAL FEES	$75				75	75	700	355
AUDIT AND ACCOUNTING EXPENSE						20	325	240
CONSULTING FEES	$(63)		13	3	(47)	16	180	192
DATA PROCESSING			36		36	54	432	644
RENT AND UTILITIES	$14	8			22	19	284	227
FIXED ASSET RENTAL AND MAINT.	$1	5			6	5	72	72
DEPRECIATION AND AMORTIZATION	$5		2		7	5	69	60
TELEPHONE, POSTAGE AND SUPPLIES	$9	3	19		31	14	233	168
INSURANCE EXPENSE	$1				1	2	27	24
DIRECTORS FEE	$14				14	14	165	168
ADVERTISING	$2				2	5	41	60
BAD DEBT	$(2)				(2)		(4)	
MISCELLANEOUS OTHER							4	
BONUS	$35				35	20	220	220
EMPLOYEE EXPENSES	$(13)	18	5	5	15	52	524	623
TOTAL	$142	65	208	26	441	506	5,614	5,935

01/24/91

ROYSTER MARKETING GROUP
RESULTS OF OPERATIONS
FOR THE MONTH OF DECEMBER,1990
(AMOUNTS IN THOUSANDS)

	SOUTHEAST ACTUAL	MID-ATLANTIC ACTUAL	MADISON ACTUAL	MIDWEST ACTUAL	R/K ACTUAL	ADJUSTMENTS ACTUAL	COMBINED GROUPS ACTUAL	COMBINED GROUPS BUDGET
NET SALES	$2,332	$1,555	$949		$589		$5,425	$8,458
PRODUCT COST	$(1,850)	$(1,249)	$(861)		$(454)		$(4,422)	$(7,215)
INVENTORY SHRINK & ADJUSTMENTS	55	(34)			(84)		(63)	
PRIOR YEAR COST ADJ.		(1)					(1)	
AMMONIATOR VARIANCE			(88)				(88)	
COST OF GOODS SOLD	$(1,803)	$(1,284)	$(949)		$(538)		$(4,574)	$(7,215)
GROSS MARGIN	$529	$271			$51		$851	$1,243
GROSS MARGIN %	22.68 %	17.43 %	(0.21)%		8.66 %		15.65 %	14.70 %
OTHER OPERATING INCOME	$14	$26	$5		$160		$205	
SELLING,GENERAL AND ADMINISTRATIVE EXPENSES	$(881)	$(556)	$(17)		$(410)	$59	$(1,805)	$(1,567)
PERCENT OF NET SALES	37.78 %	35.76 %	1.79 %		69.61 %		33.27 %	18.53 %
OPERATING INCOME(LOSS)	$(338)	$(259)	$(12)		$(199)	$59	$(749)	$(324)
INTEREST INCOME	$11	$27					$38	$36
INTEREST EXPENSE	(2)	(23)	(1)				(26)	
INTERCO INTEREST	36	17	24		9		86	
SUNDRY,NET	(6)	16	2		3	136	151	14
OTHER INCOME (EXPENSE)	$39	$37	$25		$12	$136	$249	$50
EARNINGS BEFORE PROFIT SHARING	$(299)	$(222)	$13		$(187)	$195	$(500)	$(274)
PROFIT SHARING								
PRE TAX INCOME (LOSS)	$(299)	$(222)	$13		$(187)	$195	$(500)	$(274)

* BUDGET NUMBERS EXCLUDE INTERCOMPANY INTEREST.

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01/24/91

ROYSTER MARKETING GROUP
RESULTS OF OPERATIONS
12 MONTHS ENDED DECEMBER 31, 1990
(AMOUNTS IN THOUSANDS)

	SOUTHEAST ACTUAL	MID-ATLANTIC ACTUAL	MADISON ACTUAL	MIDWEST ACTUAL	R/K ACTUAL	ADJUSTMENTS ACTUAL	COMBINED GROUPS ACTUAL	COMBINED GROUPS BUDGET
NET SALES	$72,642	$64,516	$10,389	$20,128	$29,663		$197,338	$222,547
PRODUCT COST	$(61,505)	$(53,115)	$(9,076)	$(19,460)	$(25,430)		$(168,666)	$(190,174)
INVENTORY SHRINK & ADJUSTMENTS	(114)	(496)		(27)	(220)		(865)	
PROIR YEAR COST ADJ.	(20)	31	19		(4)		26	
AMMONIATOR VARIANCE			(130)				(130)	
COST OF GOODS SOLD	$(61,719)	$(53,580)	$(9,195)	$(19,487)	$(25,662)		$(169,643)	$(190,174)
GROSS MARGIN	$10,923	$10,936	$1,194	$641	$4,001		$27,695	$32,373
GROSS MARGIN %	15.04 %	16.95 %	10.97 %	3.19 %	13.49 %		14.01 %	14.55 %
OTHER OPERATING INCOME	$840	$966	$60	$800	$547		$3,213	
SELLING, GENERAL AND ADMINSTRATIVE EXPENSES	$(9,661)	$(9,447)	$(369)	$(1,510)	$(4,016)	$789	$(24,222)	$(24,233)
PERCENT OF NET SALES	13.30 %	14.64 %	3.55 %	7.50 %	13.54 %		12.28 %	10.89 %
OPERATING INCOME(LOSS)	$2,102	$2,455	$885	$(77)	$532	$789	$6,686	$8,140
INTEREST INCOME	$497	$680	$3	$23	$48		$1,251	$1,000
INTEREST EXPENSE	(27)	(87)	(1)		(15)		(130)	(54)
INTERCO INTEREST	(172)	(218)	237	208	(25)		30	
SUNDRY,NET	227	220	25	3	74	136	685	188
OTHER INCOME (EXPENSE)	$525	$595	$264	$234	$82	$136	$1,836	$1,214
EARNINGS BEFORE PROFIT SHARING	$2,627	$3,050	$1,149	$157	$614	$925	$8,522	$9,354
PROFIT SHARING	$(223)	$(202)	$(81)				$(506)	
PRE TAX INCOME (LOSS)	$2,404	$2,848	$1,068	$157	$614	$925	$8,016	$9,354

* BUDGET NUMBERS EXCLUDE INTERCOMPANY INTEREST.

-6-

ROYSTER CO. - MULBERRY
PRODUCTION REPORT
MONTH OF DECEMBER - 1990

PRODUCTION STATISTICS	ACTUAL Usage per ton DAP	ACTUAL Price per ton	ACTUAL	ACTUAL Cost per ton DAP	BUDGET Usage per ton DAP	BUDGET Price per ton	BUDGET	BUDGET Cost per ton DAP
SULFURIC ACID			48,920				51,000	
P205			30,105				28,500	
D.A.P.			62,377				60,000	
RAW MATERIALS COST								
SULFUR	0.4308	126.34	2,039,751	32.70	0.4577	101.00	1,699,830	28.3
ROCK	1.6298	25.85	2,627,671	42.13	1.7316	24.94	2,591,185	43.19
AMMONIA	0.2250	138.19	1,942,590	31.14	0.2260	92.00	1,247,520	20.79
SULFURIC ACID *	2.7050	44.64	1,451,717	23.27	2.8050	42.00	1,215,585	20.26
P2O5 W.I.P. USAGE/(INCREASE)		243.28	(243,193)	(3.90)				
H2SO4 W.I.P. USAGE/(INCREASE)		0.00	0	0.00				
Total Raw Material Cost			7,818,538	125.34			6,754,120	112.57
SALARIES AND LABOR:								
Salaries			167,222	2.68			155,000	2.58
Maint. Labor			113,731	1.82			99,000	1.65
Oper. Labor			215,833	3.46			190,000	3.17
O/H & Benefits			193,388	3.10			144,000	2.40
Total Labor Cost			690,174	11.06			588,000	9.80
UTILITIES:								
Electric Purchased			47,350	0.76			35,000	0.58
Electric Sold			2,998	0.05			(25,000)	(0.42
Gas			79,285	1.27			15,000	0.25
Total Utilities			129,632	2.08			25,000	0.42
OTHER EXPENSES:								
Maintanence Materials			147,083	2.36			99,000	1.65
Operating Supplies			143,339	2.30			100,000	1.67
Outside Contracting			115,651	1.85			130,000	2.17
Operating Expense			46,398	0.74			31,000	0.52
Equipment Rental			11,320	0.18			8,000	0.13
Other Expenses			25,611	0.41			17,000	0.28
Insurance & Taxes			75,504	1.21			98,000	1.63
Cogen Lease			260,000	4.17			260,000	4.33
Turnaround Expense			152,260	2.44			114,000	1.9
Depreciation Expense			172,068	2.76			150,000	2.5
Total Other Expenses			1,149,235	18.42			1,007,000	16.7
Total Production Exp. (excl. Raw Material)			1,969,041	31.57			1,620,000	27.0
TOTAL MATERIALS AND EXPENSES			9,787,578	156.91			8,374,120	139.5
LESS NONCASH (EXPENSE) INCOME:								
Turnaround Expense			(152,260)	(2.44)			(114,000)	(1.
Depreciation Expense			(172,068)	(2.76)			(150,000)	(2.
Cogen Gain			0	0.00			0	0.
Total Non-Cash Expense			(324,328)	(5.20)			(264,000)	(4.
CASH COST			9,463,250	151.71			8,110,120	135.

* - Rate per ton of P2O5

ROYSTER PHOSPHATES INC.
PRODUCTION REPORT
MONTH OF DECEMBER - 1990

PRODUCTION STATISTICS	ACTUAL				BUDGET			
SULFURIC ACID			46,057				52,320	
P205			22,561				13,000	
D.A.P.			47,115				40,000	
RAW MATERIALS COST	Usage per ton DAP	Price per ton		Cost per ton DAP	Usage per ton DAP	Price per ton		Cost per ton DAP
SULFUR	0.4284	124.04	1,885,333	40.02	0.4358	101.00	1,760,491	44.01
ROCK	1.5941	23.79	1,900,477	40.34	1.6554	26.31	1,742,117	43.55
AMMONIA	0.2260	140.08	1,500,956	31.86	0.2260	93.00	840,720	21.02
SULFURIC ACID - PURCHASED	* 2.6580	42.09	628,110	13.33	2.7800	42.00	0	0.00
P205 W.I.P. USAGE/(INCREASE)		238.56	(78,682)	(1.67)		0.00	0	
SULF ACID W.I.P. USAGE/(INCREASE)		0.00	0	0.00				
Total Raw Material Cost			5,836,194	123.87			4,343,328	108.58
SALARIES AND LABOR:								
Salaries			164,905	3.50			183,000	4.58
Maint. Labor			101,495	2.15			119,000	2.98
Oper. Labor			187,110	3.97			170,000	4.25
O/H & Benefits			192,972	4.10			110,000	2.75
Total Labor Cost			646,482	13.72			582,000	14.55
UTILITIES:								
Electric Purchased			261,208	5.54			250,000	6.25
Electric Sold			0	0.00			0	0.00
Gas			40,788	0.87			58,000	1.45
Total Utilities			301,996	6.41			308,000	7.70
OTHER EXPENSES:								
Maintanence Materials			141,724	3.01			129,000	3.23
Operating Supplies			99,801	2.12			92,000	2.30
Outside Contracting			83,132	1.76			80,000	2.00
Operating Expense			21,379	0.45			17,000	0.43
Equipment Rental			23,556	0.50			25,000	0.63
Other Expenses			21,739	0.46			24,000	0.60
Insurance & Taxes			29,030	0.62			59,000	1.48
Cogen Lease			0	0.00			0	0.00
Turnaround Expense			158,900	3.37			159,000	3.98
Depreciation Expense			193,388	4.10			184,000	4.60
Total Other Expenses			772,649	16.40			763,000	19.08
Total Production Exp. (excl. Raw Material)			1,721,127	36.53			1,659,000	41.48
TOTAL MATERIALS AND EXPENSES			7,557,321	160.40			6,002,328	150.06
LESS NONCASH (EXPENSE) INCOME:								
Turnaround Expense			(158,900)	(3.37)			(159,000)	(3.98)
Depreciation Expense			(193,388)	(4.10)			(184,000)	(4.60)
Cogen Gain			0	0.00			0	0.00
Total Non-Cash Expense			(352,288)	(7.48)			(343,000)	(8.58)
CASH COST			7,205,033	152.92			5,659,328	141.48

* - Rate per ton of P205

ROYSTER COMPANY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 1990
(000'S)

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ASSETS	ROYSTER COMBINED	ROYSTER PHOSPHATES	ELIMINATIONS	ROYSTER CONSOLIDATED	BUDGET	PRIOR YEAR
CURRENT ASSETS:						
CASH	$1,433	337		1,770	2,000	3,741
TRADE A/R, NET	$10,345			10,345	9,837	10,019
INTERCO. TRADE RECEIVABLES	447		(447)			
OTHER RECEIVABLES	4,345	751	(1,303)	3,793	3,500	1,903
NET RECEIVABLES	$15,137	751	(1,750)	14,138	13,337	11,922
INVENTORIES	$29,508	4,033		33,541	47,097	51,880
PREPAID AND OTHER	1,112	16		1,128	4,121	948
S/T INVESTMENTS (BOL)						3,436
TOTAL CURRENT ASSETS	$47,190	5,136	(1,750)	50,577	66,555	71,926
INV. IN CTI	$2,411			2,411	2,307	2,145
INV. IN SUBSIDIARIES	9,000		(9,000)			
FIXED ASSETS, NET	24,058	21,054		45,112	45,604	47,816
MISC. NONCURRENT	15,631	2,510	(1,500)	16,641	11,046	17,746
TOTAL ASSETS	$98,290	28,700	(12,250)	114,739	125,512	139,633
LIABILITIES AND EQUITY						
CURRENT LIABILITIES:						
S/T BANK DEBT	$24,790	4,500		29,290		47,000
CURRENT L/T DEBT	37,290	12,700		49,990	6,720	30,863
CUSTOMER DEPOSITS	5,237			5,237	5,000	6,799
O/S CHECKS PAYABLE	2,490	473		2,963	5,000	7,655
ACCOUNTS PAYABLE	27,726	13,551	(5)	41,272	37,364	41,525
INTERCO. PAYABLE		1,413	(1,413)			
INTERCO. LOANS PAYABLE						
ACCRUED LIABILITIES	2,104	699	(332)	2,471	2,370	2,375
INCOME TAX PAYABLE	829	(481)		348		(318)
DUE JOINT VENTURE	258			258		69
TOTAL CURRENT LIABILITIES	$100,723	32,854	(1,750)	131,827	56,454	135,967
LONG TERM DEBT	$1,150	1,500	(1,500)	1,150	74,290	1,490
OTHER NONCURRENT	161			161	595	105
DEFERRED INCOME TAXES	287			287	287	287
MINORITY INTEREST	613			613		526
STOCK PURCHASE WARRANTS	200			200	924	1,330
COMMON STOCK	$11			11	11	11
PAID IN CAPITAL	3,049	9,000	(9,000)	3,049	1,049	3,049
RETAINED EARNINGS	$(7,905)	(14,654)		(22,559)	(8,098)	(3,132)
TOTAL EQUITY	$(4,845)	(5,654)	(9,000)	(19,499)	(7,038)	(72)
TOTAL LIABILITIES & EQUITY	$98,290	28,700	(12,250)	114,739	125,512	139,633

ROYSTER COMBINED (EXCLUDING ROYSTER PHOSPHATES, INC.)
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 1990
(000'S)

ASSETS	FARM MARKETING	MULBERRY	TAMPA TERMINAL	CHESAPEAKE	CORPORATE	ELIMINATIONS	ROYSTER COMBINED
CURRENT ASSETS:							
CASH	$1,026	2	1	3	405		1,433
TRADE A/R, NET	$7,912	1,193	913	311		11	10,340
INTERCO.TRADE RECEIVABLES	127		544	821	4,094	(5,138)	448
OTHER RECEVABLES	1,477	927			4,908	(2,967)	4,345
NET RECEIVABLES	$9,516	2,120	1,458	1,132	9,002	(8,094)	15,134
INTERCO. LNS. REC.	$6,568		3,995		19,232	(29,795)	
INVENTORIES	23,019	4,081	580	1,828			29,508
PREPAID AND OTHER	89	46		21	956		1,112
S/T INVESTMENTS (BOL)							
TOTAL CURRENT ASSETS	$40,216	6,249	6,034	2,983	29,595	(37,889)	47,188
INV. IN CTI					2,411		2,411
INV. IN SUBSIDIARIES					27,301	(18,299)	9,002
FIXED ASSETS, NET	5,736	16,424	1,091	567	239		24,057
MISC. NONCURRENT	1,560	1,793	3		12,287	(11)	15,632
TOTAL ASSETS	$47,512	24,467	7,128	3,550	71,833	(56,199)	98,290
LIABILITIES AND EQUITY							
CURRENT LIABILITIES:							
S/T BANK DEBT					24,790		24,790
CURRENT L/T DEBT					37,290		37,290
CUSTOMER DEPOSITS	5,237						5,237
O/S CHECKS PAYABLE	1,387	408		317	377		2,489
ACCOUNTS PAYABLE	7,505	12,592	158	800	8,953	(2,282)	27,726
INTERCO. PAYABLE	3,959	1,153	21		584	(5,718)	(1)
INTERCO. LOANS PAYABLE	4,464	26,357		(1,053)		(29,767)	1
ACCRUED LIABILITIES	920	605	10	133	437		2,105
INCOME TAX PAYABLE	2,232		565		(1,835)	(134)	828
DUE JOINT VENTURE			258				258
TOTAL CURRENT LIABILITIES	$25,705	41,115	1,012	197	70,595	(37,900)	100,723
LONG TERM DEBT					1,150		1,150
OTHER NONCURRENT	160				1		161
DEFERRED INCOME TAXES					287		287
MINORITY INTEREST						613	613
STOCK PURCHASE WARRANTS					200		200
COMMON STOCK	$1,200				111	(1,300)	11
PAID IN CAPITAL	10,350	(12,762)	2,483	3,202	3,376	(3,599)	3,048
RETAINED EARNINGS	$10,097	(3,886)	3,632	151	(3,885)	(14,013)	(7,905)
TOTAL EQUITY	$21,647	(16,648)	6,115	3,353	(400)	(18,912)	(4,845)
TOTAL LIABILITIES & EQUITY	$47,512	24,467	7,128	3,550	71,833	(56,199)	98,290

ROYSTER COMPANY
CONSOLIDATED CASH FLOW STATEMENT
DECEMBER, 1990
($000's)

14-Feb-91

	MONTH Actual	MONTH Budget	12 Months Y-T-D
Earnings before tax	($4,997)	(417)	(20,465)
Depreciation	454	426	5,259
Other non-cash charges/credits	682	246	4,604
Equity in net losses of unconsolidated subsidiaries	(9)		(221)
Cash flow	(3,870)	255	(10,823)
Decr.(Incr.) in trade receivables	1,192	728	(518)
Decr.(Incr.) in inventory	(3,093)	(4,134)	18,158
Incr.(Decr.) in trade payables and other liabilities	6,638	6,957	(5,568)
Decr.(Incr.) in def. turnaround costs			(961)
Other - net	(397)	44	(3,780)
Cash flow provided by (used in) operations	470	3,850	(3,492)
Fixed asset purchases - other	(115)	(250)	(2,314)
Decr.(Incr.) in Co-Gen lease escrow account	(39)		(667)
Decr.(Incr.) RPI ACF deposit			(11)
Proceeds from BOL escrow			1,896
Proceeds from ACF escrow (RPI)			1,564
Reduction in Paid-in-Capital			
Cash flow provided (used) before financing	316	3,600	(3,024)
Incr.(Decr.) in bank revolver			(17,710)
Incr.(Decr.) in long-term debt - other		(2,000)	(3,800)
Incr.(Decr.) in Royster Phosphates term loan			(2,037)
Incr.(Decr.) in Royster term loan	(900)	(1,600)	(400)
Incr.(Decr.) in Royster extended term loan			25,000
Increase (Decrease) in cash	($584)		(1,971)

23-Jan-91

ROYSTER COMBINED
(EXCLUDING ROYSTER PHOSPHATES, INC.)
ANALYSIS OF DEBT
DECEMBER 31, 1990
($000's)

	Current Long-Term Debt	Long-Term Debt	Total	Budget
NMB Term Loan *	$12,850		12,850	30,375
Unamortized Discount/Term Loan *	(900)		(900)	(1,175)
NMB Revolver/Overline *	24,790		24,790	35,000
Polk County #1	215	725	940	1,140
Calhoun County	125	425	550	670
NMB Bridge Loan				15,000
NMB Extended Term Loan	25,000		25,000	
Other				
Total	$62,080	1,150	63,230	81,010

ROYSTER PHOSPHATES
ANALYSIS OF DEBT
DECEMBER 31, 1990
($000's)

	Current Long-Term Debt	Long-Term Debt	Total	Budget
Bank Term Loan *	$12,890		12,890	
Unamortized Discount/Term Loan *	(190)		(190)	
Bank Revolver *	4,500		4,500	
Subordinated note to parent		1,500	1,500	
Total	$17,200	1,500	18,700	

ROYSTER CONSOLIDATED
ANALYSIS OF DEBT

Royster Combined	$62,080	1,150	63,230
Royster Phosphates, Inc.	17,200	1,500	18,700
Eliminations		(1,500)	(1,500)
Royster Consolidated	$79,280	1,150	80,430

(*) All bank debt has been reclassed to current at 12/31/90 due to non-compliance with certain loan covenants.

ROYSTER COMBINED
(EXCLUDING ROYSTER PHOSPHATES, INC.)
ANALYSIS OF SELECTED FINANCIAL STATEMENT ITEMS
DECEMBER 31, 1990
($000's)

I. OTHER RECEIVABLES

Accrued rebates/returns	$668
Miscellaneous notes/Advances	67
All other items	1,498
Freight rebate - CSX & IMC	690
Advances to Evergreen Resources, Inc.(Net of cumulative ERI losses $1,695)	
Receivable from Royster Phosphates, Inc.	1,302
SIL - tax refund	120
Total	$4,345

II. OTHER NONCURRENT ASSETS

Deferred turnaround costs	$1,324
Misc. notes receivable	387
Due from Officers	2,608
Cogeneration escrow account	7,962
Subordinated promissory note from Royster Phosphates, Inc.	1,500
All other	543
Mineral rights (Florida)	370
Deferred charges - Farm Marketing sale	109
Deferred Joint Venture costs	828
Total	$15,631

III. SUNDRY - NET INCOME (EXPENSE)

	Month of December	YTD
Minority interest - R/K	$10	(87)
Miscellaneous other	113	256
Equity in earnings (loss) of CTI	9	268
Equity in earnings (loss) of ERI		(43)
Retro insurance premium adjustment	(82)	(56)
Amort. 2ND amend. & restated bank charges	(355)	(912)
Sale lease back charges	(243)	(243)
Total	($548)	(817)

ROYSTER PHOSPHATES
ANALYSIS OF SELECTED FINANCIAL STATEMENT ITEMS
DECEMBER 31, 1990
($000's)

I. OTHER NONCURRENT ASSETS

Deferred turnaround cost	$1,252
Deferred acquisition cost	343
Construction in progress	513
Deferred Joint Venture costs	402
Total	$2,510

ROYSTER COMBINED
(EXCLUDING ROYSTER PHOSPHATES, INC.)
SUMMARY OF FINANCIAL COVENANTS *
DECEMBER, 1990
($000's)

14-Feb-91

Loan Agreement Section		
8.1	I. Net current assets (Adjusted) Net current assets (Adjusted) required	($16,583) ($10,000)
8.21	II. Current ratio Current ratio required	0.74 0.75
8.22	III. Tangible net worth Tangible net worth required	$31,755 $38,000
8.23	IV. Debt/tangible net worth ratio Debt/tangible net worth ratio maximum	3.24 3.00
8.24	V. Interest coverage (Nine months ended 12/31/90) Interest coverage required	0.56 1.10
8.25	VI. EBITDA (Nine months ended 12/31/90) EBITDA required	$1,671 $6,000
8.4/8.5	VII. Customer deposits/vendor prepayments: No deposit from any customer in excess of $1,000,000 existed as of 12/31/90, and no advances from CTI were outstanding during the month. No prepayments to suppliers in excess of $2.0 million were outstanding during the month. No prebills to CTI in excess of $10.0 million were outstanding during the month.	
8.15	VIII. Capital expenditures: ($000's) Expenditures incurred (12 months ended 12/31/90) Maximum amount allowed	 $1,492 $2,000
8.29	IX. Maintenance Turnaround: Expenditures incurred (18 months ended 12/31/90) Maximum amount allowed	 $753 $2,500

* Royster Company's financial ratio covenants are calculated in accordance with the Second Amended and Restated Loan Agreement executed 9/7/90 and are based on Royster Combined (ex. RPI) "proforma" financial statements prepared as to classification of bank debt between current maturities and long-term as if there were no events of default.

ROYSTER PHOSPHATES, INC.
SUMMARY OF FINANCIAL COVENANTS *
DECEMBER, 1990
($000's)

Loan Agreement Section		
8.1	I. Net current assets (Adjusted) Net current assets (Adjusted) required	($27,718) $500
8.21	II. Current ratio (Adjusted) Current ratio (Adjusted) required	0.16 1.00
8.22	III. Tangible net worth Tangible net worth required	($4,497) $8,000
8.23	IV. Debt/tangible net worth ratio Debt/tangible net worth ratio maximum	(7.23) 3.00
8.24	V. Interest coverage Interest coverage required (Twelve months ended 12/31/90)	(2.24) 2.00
8.25	VI. Debt service coverage ratio Debt service coverage required (Twelve months ended 12/31/90)	(1.05) 1.20
8.4	VII. Customer deposits: No deposit from any customer (other than CTI) in excess of $1,000,000 existed as of 12/31/90, and no advances from CTI were outstanding during the month.	
8.15	VIII. Capital expenditures: Capital expenditures for the twelve months ended December 31, 1990 were $575 Thousand.	

* Royster Phosphates, Inc. financial ratio covenants are calculated in accordance with the loan agreement dated 7/1/88 including Amendment No. 1 (Dated 5/1/89) and are based on Royster Phosphate's separate financial statements.

Royster

(DEBTOR-IN-POSSESSION)

CONSOLIDATED

RESULTS OF OPERATIONS

DECEMBER 31, 1991

(UNAUDITED)

March 6, 1992

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ROYSTER COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
ONE MONTH ENDED DECEMBER 31, 1991
(AMOUNTS IN 000'S)

	ROYSTER COMBINED		ROYSTER PHOSPHATES		ELIMINATIONS		ROYSTER CONSOLIDATED	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
			@ $134/ST					
Net Sales	$10,985		$4,691		($108)		$15,568	
Cost of goods sold	$12,675		$5,333		($108)		$17,900	
Gross margin	($1,690)		($642)				($2,332)	
Gross margin %	-15.38%		-13.69%				-14.98%	
S,G & A expenses	$3,398		($82)				$3,316	
Operating income (loss)	($5,088)		($560)				($5,648)	
Other income(exp):								
Interest income	$109						$109	
Interest expense (1)	($566)		($142)				($708)	
Interco. interest	9		($9)					
Sundry-net	($881)		($474)				($1,355)	
Net other	(1,329)		($625)				($1,954)	
Earnings before taxes	(6,417)		($1,185)				($7,602)	
Tax prov (benefit)	($51)						($51)	
Net earnings (loss)	($6,366)		($1,185)				($7,551)	
Earnings before taxes	($6,417)		($1,185)				($7,602)	
NONCASH ITEMS:	$2,283		$772				$3,055	
CASH INCOME/(LOSS)	($4,134)		($413)				($4,547)	

Interest Expense:

Term Loan	$106	
Revolver	$33	
Other	$3	
	$142	

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ROYSTER COMBINED (EXCLUDING ROYSTER PHOSPHATES, INC.)
CONSOLIDATED STATEMENT OF OPERATIONS
ONE MONTH ENDED DECEMBER 31, 1991
(AMOUNTS IN 000'S)

	FARM MARKETING		MULBERRY		TAMPA TERMINAL		CORPORATE		ELIMINATIONS		ROYSTER COMBINED	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
			@ $131/ST									
NET SALES	$4,456		$6,809		($280)						$10,985	
COST OF GOODS SOLD	$4,975		$8,049		($349)						$12,675	
GROSS MARGIN	($519)		($1,240)		$69						($1,690)	
GROSS MARGIN %	-11.65%		-18.21%		-24.64%						-15.38%	
S,G & A EXPENSES	$2,893		$1				$503				$3,397	
OPERATING INCOME/(LOSS)	($3,412)		($1,241)		$69		($503)				($5,087)	
OTHER INCOME (EXPENSE):												
INTEREST INCOME	$24		$1				$84				$109	
INTEREST EXPENSE (1)	($7)		($19)				($540)				($566)	
INTERCO INTEREST	$375		($284)		$21		($103)				$9	
SUNDRY - NET	$11						($933)		$44		($878)	
NET OTHER	$403		($302)		$21		($1,492)		$44		($1,326)	
EARNINGS BEFORE TAXES	($3,009)		($1,543)		$90		($1,995)		$44		($6,413)	
TAX PROVISION (BENEFIT)	($909)				$30				$828		($51)	
NET EARNINGS (LOSS)	($2,100)		($1,543)		$60		($1,995)		($784)		($6,362)	
EARNINGS BEFORE TAXES	($3,009)		($1,543)		$90		($1,995)		$44		($6,413)	
NONCASH ITEMS	$971		$280		$14		$1,018				$2,283	
CASH INCOME/(LOSS)	($2,038)		($1,263)		$104		($977)		$44		($4,130)	

INTEREST EXPENSE:(1)	
TERM LOAN	$100
EXTENDED TERM LOAN	$274
REVOLVER	$132
AMORT. OF DISCOUNT	$25
BRIDGE LOAN	
OTHER	$9
	$540

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ROYSTER COMPANY
DETAILS OF NON-CASH ITEMS
MONTH OF DECEMBER 31, 1991
(000'S)

DESCRIPTION	ROYSTER COMBINED	ROYSTER PHOSPHATES	ROYSTER CONSOLIDATED
DEPRECIATION	277	199	476
INTEREST EXP (DISCOUNT AMORT)	25	4	29
AMORT OF ACQUIS. COST		5	5
BAD DEBT EXP	72		72
TURNAROUND AMORT	106	161	267
WRITE OFF AFC JV COSTS	835	402	1,237
RESERVE COMMISS. AGENT A/R - FMG	205		205
RESERVE PREPAID INVENTORY - FMG	242		242
RESERVE FOR CPC REBATES - FMG	100		100
SHRINKAGE WRITE OFF - FMG (NOV BAL IN A/C 1438)	317		317
LOSS ON DISPOSAL OF ASSETS	54		54
WRITE OFF CORP A/R - CHEM RESOURCES	50		50
TOTAL NON-CASH	2,283	771	3,054

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ROYSTER COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR-TO-DATE DECEMBER 31, 1991
(AMOUNTS IN 000'S)

	ROYSTER COMBINED		ROYSTER PHOSPHATES		ELIMINATIONS		ROYSTER CONSOLIDATED	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
Net Sales	$235,423		$70,185		($108)		$305,500	
Cost of goods sold	$222,515		$73,992		($108)		$296,399	
Gross margin	$12,908		($3,807)				$9,101	
Gross margin %	5.48%		-5.42%				2.98%	
S,G & A expenses	$30,401		$282				$30,683	
Operating income (loss)	($17,493)		($4,089)				($21,582)	
Other income(exp):								
Interest income	$2,544		$2				$2,546	
Interest expense (1)	($7,419)		($2,241)				($9,660)	
Interco. interest	$144		($144)					
Sundry-net	($3,099)		($641)				($3,740)	
Net other	($7,830)		($3,024)				($10,854)	
Earnings before taxes	($25,323)		($7,113)				($32,436)	
Tax prov (benefit)								
Net earnings (loss)	($25,323)		($7,113)				($32,436)	
Earnings before taxes	($25,323)		($7,113)				($32,436)	
NONCASH ITEMS:	$9,671		$5,072				$14,743	
CASH INCOME/(LOSS)	($15,652)		($2,041)				($17,693)	

Interest Expense:

Term Loan	$1,369
Revolver	$432
Other	$440
	$2,241

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ROYSTER COMBINED (EXCLUDING ROYSTER PHOSPHATES, INC.)
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR-TO-DATE DECEMBER 31, 1991
(AMOUNTS IN 000'S)

	FARM MARKETING ACTUAL	FARM MARKETING BUDGET	MULBERRY ACTUAL	MULBERRY BUDGET	TAMPA TERMINAL ACTUAL	TAMPA TERMINAL BUDGET	CORPORATE ACTUAL	CORPORATE BUDGET	ELIMINATIONS ACTUAL	ELIMINATIONS BUDGET	ROYSTER COMBINED ACTUAL	ROYSTER COMBINED BUDGET
NET SALES	$146,920		$94,020		$2,452				($7,969)		235,423	
COST OF GOODS SOLD	$128,662		$99,734		$2,089				($7,969)		$222,516	
GROSS MARGIN	$18,258		($5,714)		$363						$12,907	
GROSS MARGIN %	12.43%		-6.08%		14.80%						5.48%	
S,G & A EXPENSES	$24,182		$54				$6,165				$30,401	
OPERATING INCOME/(LOSS)	($5,924)		($5,768)		$363		($6,165)				($17,494)	
OTHER INCOME (EXPENSE):												
INTEREST INCOME	$1,369		$113				$1,062				$2,544	
INTEREST EXPENSE (1)	($60)		($402)				($6,957)				($7,419)	
INTERCO INTEREST	$2,637		($3,306)		$338		$469		$6		$144	
SUNDRY - NET	($912)		($10)				($2,256)		$82		($3,096)	
NET OTHER	$3,034		($3,605)		$338		($7,682)		$88		($7,827)	
EARNINGS BEFORE TAXES	($2,890)		($9,373)		$701		($13,847)		$88		($25,321)	
TAX PROVISION (BENEFIT)	($1,020)				$239				$781			
NET EARNINGS (LOSS)	($1,870)		($9,373)		$462		($13,847)		($693)		($25,321)	
EARNINGS BEFORE TAXES	($2,890)		($9,373)		$701		($13,847)		$88		($25,321)	
NONCASH ITEMS	$3,043		$4,023		$165		$2,440				$9,671	
CASH INCOME/(LOSS)	$153		($5,350)		$866		($11,407)		$88		($15,650)	

INTEREST EXPENSE:(1)	
TERM LOAN	$1,300
EXTENDED TERM LOAN	$2,608
REVOLVER	$2,633
AMORT. OF DISCOUNT	$300
BRIDGE LOAN	
OTHER	$116
	$6,957

ROYSTER COMBINED - CORPORATE GROUP
SELLING, GENERAL & ADMINISTRATIVE EXPENSES ($000'S)
DECEMBER 31, 1991

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	HEADQUARTERS ACTUAL	EXECUTIVE GROUP ACTUAL	FINANCE GROUP ACTUAL	MARKETING OPERATIONS ACTUAL	TOTAL CORPORATE GROUP ACTUAL	TOTAL CORPORATE GROUP BUDGET	YTD CORPORATE GROUP ACTUAL	YTD CORPORATE GROUP BUDGET
LARIES	$156	(3)			153		2,233	
ROLL RELATED EXPENSES	$14		1		15		366	
AL FEES	$220				220		1,000	
IT AND ACCOUNTING EXPENSE	$(109)				(109)		301	
NSULTING FEES	$29	10			39		323	
TA PROCESSING	$17				17		393	
NT AND UTILITIES	$3	12			15		296	
ED ASSET RENTAL AND MAINT.	$4	1			5		51	
PRECIATION AND AMORTIZATION	$3				3		61	
LEPHONE, POSTAGE AND PPLIES	$16			1	17		273	
SURANCE EXPENSE	$2				2		23	
RECTORS FEE							134	
VERTISING								
D DEBT	$50				50		50	
SCELLANEOUS OTHER	$1	17			18		40	
NUS								
PLOYEE EXPENSES	$21	30		9	60		623	
TAL	$427	67	1	10	505		6,167	

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ROYSTER MARKETING GROUP
RESULTS OF OPERATIONS
FOR THE ONE MONTH ENDED
DECEMBER 31, 1991
(000 S)

	SOUTHEAST		MID - ATLANTIC		MADISON		R/K		CHESAPEAKE		CORPORATE		ADJUSTMENTS		COMBINED GROUP	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
NET SALES	$978		$1,071		$718		$330		$1,293						$4,388	
PRODUCT COST	(1,096)		(1,087)		(652)		(296)		(971)						(4,102)	
INVENTORY SHRINK & ADJUSTMENTS	(25)		(261)												(286)	
PRIOR YEAR COST ADJ																
AMMONIATOR VARIANCE					(249)				(338)						(587)	
COST OF GOODS SOLD	($1,121)		($1,348)		($901)		($296)		($1,309)						($4,975)	
GROSS MARGIN	(143)		(277)		(185)		34		(16)						(587)	
GROSS MARGIN %	-14 62%		-25 86%		-25 84%		10 30%		-1 24%						-13 38%	
OTHER OPERATING INCOME	58		7		4										67	
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(1,378)		(1,123)		(35)		(407)						51		(2,892)	
PERCENT OF NET SALES	140 90%		104 86%		4 88%		123 33%								65 91%	
OPERATING INCOME/(LOSS)	($1,465)		($1,393)		($218)		($373)		($16)				$51		($3,412)	
INTEREST INCOME	8		20				(2)								26	
INTEREST, EXPENSE	(6)		(1)												(7)	
INTERCO INTEREST	195		103		34		27		16						375	
SUNDRY, NET	(6)		14		4										16	
OTHER INCOME/(EXPENSE)	$188		$136		$38		$25		$16						$404	
EARNINGS BEFORE PROFIT SHARING	($1,276)		($1,257)		($178)		($348)						$51		($3,008)	
PROFIT SHARING																
PRE - TAX INCOME/(LOSS)	($1,276)		($1,257)		($178)		($348)						$51		($3,008)	

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ROYSTER MARKETING GROUP
RESULTS OF OPERATIONS
FOR THE 12 MONTHS ENDED
DECEMBER 31, 1991
(000'S)

	SOUTHEAST		MID - ATLANTIC		MADISON		R/K		CHESAPEAKE		CORPORATE		ADJUSTMENTS		COMBINED GROUP	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
NET SALES	$61,508		$49,760		$7,481		$16,658		$9,828						$145,211	
PRODUCT COST	(54,125)		(41,799)		(6,519)		(14,145)		(9,704)						(126,292)	
INVENTORY SHRINK & ADJUSTMENTS	(292)		(558)				(83)								(933)	
PRIOR YEAR COST ADJ	(154)		2				(21)								(173)	
AMMONIATOR VARIANCE					(927)				(338)						(1,265)	
COST OF GOODS SOLD	($54,571)		($42,355)		($7,446)		($14,249)		($10,042)						($128,663)	
GROSS MARGIN	6,935		7,405		15		2,407		(214)						16,548	
GROSS MARGIN %	11 28%		14 88%		0 20%		14 45%		- 2 18%						11 40%	
OTHER OPERATING INCOME	777		503		63		276								1,709	
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(11,195)		(9,469)		(385)		(3,637)				(155)		850		(24,184)	
PERCENT OF NET SALES	18 20%		19 03%		5 18%		21 84%								16 65%	
OPERATING INCOME/(LOSS)	($3,483)		($1,471)		($307)		($954)		($214)		($155)		$850		($5,825)	
INTEREST INCOME	558		708		3		14								1,309	
INTEREST EXPENSE	(44)		(15)		(1)										(60)	
INTERCO INTEREST	1,313		486		379		245		214						2,637	
SUNDRY, NET	(749)		(417)		28		3						218		(914)	
OTHER INCOME/(EXPENSE)	$1,078		$650		$409		$262		$214				$218		$3,033	
EARNINGS BEFORE PROFIT SHARING	($2,404)		($821)		$102		($692)				($155)		$878		($2,892)	
PROFIT SHARING																
PRE - TAX INCOME/(LOSS)	($2,404)		($821)		$102		($692)				($155)		$878		($2,892)	

Mulberry Phosphates, Inc.
Mulberry Plant
Production Report
Month Of December - 1991

==============ACTUAL===============

PRODUCTION STATISTICS				
Sulfuric Acid			44,629	
P2O5			23,760	
D.A.P.			51,336	
RAW MATERIALS COST	**Usage per ton DAP**	**Price per ton**		**Cost per ton DAP**
Sulfur	0.4382	96.02	1,414,051	27.55
Rock	1.6208	26.79	2,228,982	43.42
Ammonia	0.2310	92.13	1,091,185	21.26
Sulfuric Acid *	2.8690	33.03	777,210	15.14
P2O5 W.I.P. Usage/(Increase)			53,950	1.05
Total Raw Material Cost			5,565,378	108.41
SALARIES and LABOR:				
Salaries			184,604	3.60
Maint. Labor			125,590	2.45
Oper. Labor			258,420	5.03
O/H & Benefits			222,210	4.33
Total Labor Cost			790,824	15.40
UTILITIES:				
Electric Purchased			58,071	1.13
Electric Sold			10,329	0.20
Gas & Bunker C Oil			14,659	0.29
Total Utilities			83,059	1.62
OTHER EXPENSES:				
Maintanence Materials			198,349	3.86
Operating Supplies			192,503	3.75
Outside Contracting			164,323	3.20
Operating Expense			32,743	0.64
Equipment Rental			6,881	0.13
Other Expenses			18,018	0.35
Insurance & Taxes			23,854	0.46
Cogen Lease			260,000	5.06
Turnaround Expense			105,617	2.06
Depreciation Expense			174,610	3.40
Total Other Expenses			1,176,898	22.93
Total Prod. Exp.(excl. Raw Material)			2,050,781	39.95
TOTAL MATERIALS AND EXPENSES			7,616,159	148.36
LESS NONCASH (EXPENSE) INCOME:				
Turnaround Expense			(105,617)	(2.06)
Depreciation Expense			(174,610)	(3.40)
Total Non-Cash Expense			(280,227)	(5.46)
CASH COST			7,335,932	142.90

* Rate per Ton of P2O5

ROYSTER PHOSPHATES INC.
PRODUCTION REPORT
MONTH OF DECEMBER - 1991

PRODUCTION STATISTICS			ACTUAL	
SULFURIC ACID			45,668	
P2O5			19,332	
D.A.P.			42,693	

RAW MATERIALS COST	Usage per ton DAP	Price per ton		Cost per ton DAP
SULFUR	0.2530	78.64	1,185,236	27.76
ROCK	1.5953	24.00	1,634,767	38.29
AMMONIA	0.2240	122.00	1,167,260	27.34
SULFURIC ACID - PURCHASED *	0.[illegible]490	37.60	281,385	6.59
P2O5 = D.A.P. USAGE/(INCREASE)		294.5[illegible]	203,51[illegible]	4.[illegible]
SULF ACID = D.A.P. USAGE/(INCREASE)		0.00	0	0.00
Total Raw Material Cost			4,472,159	104.75
SALARIES AND LABOR				
Salaries			164,800	3.86
Maint. Labor			109,728	2.57
Oper. Labor			206,100	4.83
O/H & Benefits			187,404	4.39
Total Labor Cost			668,032	15.65
UTILITIES				
Electric Purchased			252,365	5.91
Electric Sold			0	0.00
Gas			47,518	1.11
Total Utilities			299,883	7.02
OTHER EXPENSES				
Maintanence Materials			157,706	3.69
Operating Supplies			109,868	2.57
Outside Contracting			105,114	2.46
Operating Expense			16,797	0.39
Equipment Rental			14,424	0.34
Other Expenses			6,827	0.16
Insurance & Taxes			57,482	1.35
Cogen Lease			0	0.00
Turnaround Expense			161,310	3.78
Depreciation Expense			199,397	4.67
Total Other Expenses			828,923	19.42
Total Production Exp. (excl. Raw Material)			1,796,838	42.09
TOTAL MATERIALS AND EXPENSES			6,268,996	146.84
LESS NONCASH (EXPENSE) INCOME:				
Turnaround Expense			(161,310)	3.78
Depreciation Expense			(199,397)	(4.67
Cogen Gain			0	0.00
Total Non-Cash Expense			(360,707)	(8.45)
CASH COST *-Rate per Ton of P2O5			5,908,290	138.39

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ROYSTER COMPANY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 1991
(000'S)

ASSETS	ROYSTER COMBINED	ROYSTER PHOSPHATES	ELIMINATIONS	ROYSTER CONSOLIDATED
CURRENT ASSETS:				
CASH	$1,202	$251		$1,453
TRADE A/R, NET	$12,170	$2,258		$14,428
INTERCO. TRADE RECEIVABLES	$3,099	$2,028	($5,127)	
OTHER RECEIVABLES	$7,552	$937	($2,596)	$5,893
NET RECEIVABLES	$22,821	$5,223	($7,723)	$20,321
INVENTORIES	$24,890	$4,076		$28,966
PREPAID AND OTHER	$1,002	$151		$1,153
S/T INVESTMENTS				
TOTAL CURRENT ASSETS	$49,915	$9,701	($7,723)	$51,893
INV. IN CTI				
INV. IN SUBSIDIARIES	$9,000		($9,000)	
FIXED ASSETS, NET	$22,980	$19,307		$42,287
MISC. NONCURRENT	$15,851	$2,613	($1,500)	$16,964
TOTAL ASSETS	$97,746	$31,621	($18,223)	$111,144
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
S/T BANK DEBT	$15,490	$5,300		$20,790
CURRENT L/T DEBT		$12,743		$12,743
CUSTOMER DEPOSITS	$162			$162
O/S CHECKS PAYABLE	$1,422	$142		$1,564
ACCOUNTS PAYABLE	$5,179	$18,260	($22)	$23,417
INTERCO. PAYABLE	$979	$5,654	($6,633)	
INTERCO. LOANS PAYABLE				
ACCRUED LIABILITIES	$3,131	$788		$3,919
INCOME TAX PAYABLE	$442			$442
DUE JOINT VENTURE	($3)			($3)
TOTAL CURRENT LIABILITIES	$26,802	$42,887	($6,655)	$63,034
LONG TERM DEBT		$1,500	($1,500)	
OTHER NONCURRENT	$20			$20
DEFERRED INCOME TAXES	$287			$287
PRE-PETITION LIABILITIES	$102,483		($1,068)	$101,415
MINORITY INTEREST	$532			$532
STOCK PURCHASE WARRANTS				
COMMON STOCK	$11			$11
PAID IN CAPITAL	$3,049	$9,000	($9,000)	$3,049
RETAINED EARNINGS	($35,438)	($21,766)		($57,204)
TOTAL EQUITY	($32,378)	($12,766)	($9,000)	($54,144)
TOTAL LIABILITIES & EQUITY	$97,746	$31,621	($18,223)	$111,144

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ROYSTER COMBINED (EXCLUDING ROYSTER PHOSPHATES, INC.)
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 1991
(000'S)

ASSETS	FARM MARKETING	MULBERRY	TAMPA TERMINAL	CORPORATE	ELIMINATIONS	ROYSTER COMBINED
CURRENT ASSETS:						
CASH	$168	$188	$1	$845		$1,202
TRADE A/R, NET	$7,016	$4,270	$902	($18)		$12,170
INTERCO. TRADE RECEIVABLES	$868	$2,216	$1,978	$3,394	($5,357)	$3,099
OTHER RECEIVABLES	$1,370	$2,127	$558	$3,497		$7,552
NET RECEIVABLES	$9,254	$8,613	$3,438	$6,873	($5,357)	$22,821
INTERCO. LOANS REC.	$38,730		$2,031	($3,317)	($37,444)	
INVENTORIES	$18,926	$5,384	$580			$24,890
PREPAID AND OTHER	$66	$100		$836		$1,002
S/T INVESTMENTS						
TOTAL CURRENT ASSETS	$67,144	$14,285	$6,050	$5,237	($42,801)	$49,915
INV. IN CTI						
INV. IN SUBSIDIARIES				$27,301	($18,299)	$9,002
FIXED ASSETS, NET	$5,933	$15,983	$927	$138		$22,981
MISC. NONCURRENT	$11	$1,205	$58	$14,577		$15,851
TOTAL ASSETS	$73,088	$31,473	$7,035	$47,253	($61,100)	$97,749
LIABILITIES AND EQUITY						
CURRENT LIABILITIES"						
S/T BANK DEBT				$15,490		$15,490
CURRENT L/T DEBT						
CUSTOMER DEPOSITS	$162					$162
O/S CHECKS PAYABLE	$1,127	$137		$158		$1,422
ACCOUNTS PAYABLE	$898	$3,587	$167	$613	($85)	$5,180
INTERCO. PAYABLE	$750	$5,380	$20		($5,171)	$979
INTERCO. LOANS PAYABLE	$7,164	$30,386			($37,551)	($1)
ACCRUED LIABILITIES	$691	$698	$34	$1,708		$3,131
INCOME TAX PAYABLE	($1,040)		$239	$462	$781	$442
DUE JOINT VENTURE			($3)			($3)
TOTAL CURRENT LIABILITIES	$9,752	$40,188	$457	$18,431	($42,026)	$26,802
LONG TERM DEBT						
OTHER NONCURRENT	$10			$10		$20
DEFERRED INCOME TAXES				$287		$287
PRE-PETITION LIABILITIES	$40,196	$17,306		$44,982		$102,484
MINORITY INTEREST					$532	$532
STOCK PURCHASE WARRANTS						
COMMON STOCK	$1,200			$111	($1,300)	$11
PAID IN CAPITAL	$13,552	($12,762)	$2,483	$3,374	($3,599)	$3,048
RETAINED EARNINGS	$8,378	($13,259)	$4,095	($19,942)	($14,707)	($35,435)
TOTAL EQUITY	$23,130	($26,021)	$6,578	($16,457)	($19,606)	($32,376)
TOTAL LIABILITIES & EQUITY	$73,088	$31,473	$7,035	$47,253	($61,100)	$97,749

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ROYSTER COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
DECEMBER 31, 1991
(000'S)

	SOURCE (USE) OF CASH		
	MONTH		12 Months
	Actual	Budget	Y-T-D
Net Income	($7,551)		($32,435)
Add Non Cash Expenses:			
Depreciation	476		5,466
Other non-cash charges/credits	301		7,128
Write off AFC Joint Venture costs	1,237		1,237
Reserve commission agent A/R	205		205
Reserve for prepaid inventory	242		242
Reserve for CPC rebates	100		100
Inventory shrinkage write-off	317		317
Loss on disposal of assets	54		54
Bad debt write expense	122		(6)
Equity in earnings of unconsolidated subsidiaries			
Cash flow	(4,497)		(17,692)
Decr.(Incr.) in trade receivables	5,816		(3,690)
Decr.(Incr.) in inventory	(1,294)		2,965
Incr.(Decr.) in trade payables and other liabilities	(58)		43,785
Decr.(Incr.) in def. turnaround costs			(4,161)
Reduce Monsanto pre-petition for escrow payment	(1,945)		(1,945)
Other - net	(521)		(7,514)
Cash flow provided by (used in) operations	(2,499)		11,748
Fixed asset purchases - other	(48)		(2,643)
Decr.(Incr.) in Co-Gen lease escrow account	(64)		(749)
Decr.(Incr.) in Monsanto escrow account, net	1,975		
Cash flow provided (used) before financing	(636)		8,356
Incr.(Decr.) in bank revolver			(9,444)
Incr.(Decr.) in long-term debt - other			
Incr.(Decr.) in Royster Phosphates demand notes	600		800
Incr.(Decr.) in Royster term loan			
Incr.(Decr.) in Royster extended term loan			(29)
Increase (Decrease) in cash	($36)		(317)
Cash at Beginning of Period	1,489		1,770
Cash at End of Period	$1,453		$1,453

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ROYSTER COMBINED
(EXCLUDING ROYSTER PHOSPHATES, INC.)
ANALYSIS OF PRE-PETITION LIABILITIES
DECEMBER 31, 1991
(000'S)

NMB Term Loan	$12,850
Unamortized term loan discount	(600)
Bank Extended Loan	24,968
Polk County IRB	940
Calhoun County IRB	550
Trade Accounts Payable (Vouchered)	58,385
Accrued payables	5,391
TOTAL PRE-PETITION LIABILITIES	$102,484

ROYSTER COMBINED
ANALYSIS OF SHORT TERM DEBT
DECEMBER 31, 1991
(000'S)

	BALANCE
TRANCHE A REVOLVER	
TRANCHE B REVOLVER	$16,000
LESS: COLLATERAL HELD BY NMB FOR LETTERS OF CREDIT	
CSX TRANSPORTATION	(300)
EXECUTIVE DIRECTOR - DEPT OF WASTE MGT	(210)
SHORT TERM DEBT PER BALANCE SHEET	$15,490

ROYSTER PHOSPHATES, INC.
ANALYSIS OF DEBT
DECEMBER 31, 1991
(000'S)

	Current Long-Term Debt	Long-Term Debt	Total
Bank Term Loan *	$12,890		$12,890
Unamortized Discount/Term Loan *	(147)		(147)
Bank Revolver *	4,500		4,500
Subordinated note to parent		1,500	1,500
NMB demand note (Dated 6/25/91)	800		800
Total	$18,043	$1,500	$19,543

(*) All bank debt has been reclassed to current at 12/31/91 due to non-compliance with certain loan covenants.

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ROYSTER COMBINED
(EXCLUDING ROYSTER PHOSPHATES, INC.)
ANALYSIS OF SELECTED FINANCIAL STATEMENT ITEMS
DECEMBER 31, 1991
(000'S)

I. OTHER RECEIVABLES

Receivable from Royster Phosphates, Inc.	$2,596 (1)
Receivable from CTI	1,639
Receivable from Nu Gulf	836
Due from Pipeline Joint Venture	558
Accrued rebates / returns - CPC	526
Seeds returned for credit	273
Freight payments applied to pre-petition by vendors	238
Due from Brimstone - railcar leases	210
Receivable from commission agents	205
Freight rebate - CSX	102
Receivable from WCAC	68
DAP claim - lost goods	49
All other	252
Total	
	$7,552

II. OTHER NON-CURRENT ASSETS

Cogeneration escrow account	$8,712
Due from Officers	2,820
Subordinated promissory note from Royster Phosphates, Inc.	1,500
Deferred turnaround costs	772
Deferred charges - Farm Marketing sale	828
Misc. notes receivable	529
Mineral rights (Mulberry)	374
Deferred bank fees	188
Other	128
Total	$15,851

III. SUNDRY - NET INCOME (EXPENSE)	Month of December	YTD
Miscellaneous - other	($43)	($189)
Amortization of bank fees/credit agreement (dated 4-8-91)		(1,092)
Write off AFC Joint Venture costs	(835)	(835)
Write off of seed inventory		(980)
Total	($878)	($3,096)

ROYSTER PHOSPHATES, INC.
ANALYSIS OF SELECTED FINANCIAL STATEMENT ITEMS
DECEMBER 31, 1991
(000'S)

I. OTHER NON-CURRENT ASSETS

Deferred turnaround costs	$2,333
Deferred acquisition cost	280
Deferred Joint Venture costs	0
Total	$2,613

(1) Included in Interco Accounts is a net receivable due from Royster Phosphates, Inc. of $ 2,120.

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ROYSTER COMBINED
(EXCLUDING ROYSTER PHOSPHATES, INC.)
SUMMARY OF FINANCIAL COVENANTS*
DECEMBER 31, 1991
(000'S)

Loan Agreement Section			
8.1	I.	Net current assets (Adjusted)	$23,113
		Net current assets (Adjusted) required	$25,000
8.21	II.	Current ratio	1.86
		Current ratio required	1.40
8.4/8.5	VII.	Customer deposits/vendor prepayments:	
		No deposit from any customer in excess of $1,000,000 existed as of 12/31/91, and no advances from CTI were outstanding during the month.	
		No prepayments to suppliers in excess of $2.0 million were outstanding during the month. (2)	
8.15	VIII.	Capital expenditures: ($000's)	
		Expenditures incurred - 12 months ended: DECEMBER 31, 1991	$1,985
		Maximum amount allowed	$2,000
8.29	IX.	Maintenance Turnaround:	
		Expenditures incurred - 18 months ended: DECEMBER 31, 1991	$1,814
		Maximum amount allowed	$2,500

(1)Royster Company's financial ratio covenants are calculated in accordance with the Second Amended and Restated Loan Agreement executed 9/7/90 and Credit Agreement dated 4/8/91 and are based on Royster Combined (ex. RPI) "proforma" financial statements prepared as to classification of bank debt between current maturities and long-term as if there were no events of default.

(2)Although the company has been purchasing inventory on a prepaid basis since the Chapter XI filing date it is not possible to quantify the amount of prepayments for which product has not yet been received into inventory.

Mulberry Phosphates, Inc.

(DEBTOR-IN-POSSESSION)

CONSOLIDATED

RESULTS OF OPERATIONS

April 30, 1992

(UNAUDITED)

June 15, 1992

EXHIBIT D

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MULBERRY PHOSPHATES, INC. & SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
ONE MONTH ENDED APRIL 30, 1992
(AMOUNTS IN 000'S)

	MULBERRY COMBINED ACTUAL	MULBERRY COMBINED BUDGET	PINEY POINT PHOSPHATES ACTUAL	PINEY POINT PHOSPHATES BUDGET	ELIMINATIONS ACTUAL	ELIMINATIONS BUDGET	MULBERRY CONSOLIDATED ACTUAL	MULBERRY CONSOLIDATED BUDGET	PRIOR YEAR
			PS131/ST						
NET SALES	$9,552		5,367				14,919		
COST OF GOODS SOLD	9,999		5,799				15,798		
GROSS MARGIN	$(447)		(432)				(879)		
GROSS MARGIN %	(4.68)%		(8.06)%				(5.89)%		[illegible]
S G & A EXPENSES	$364		82				446		
OPERATING INCOME (LOSS)	$(810)		(514)				(1,324)		
OTHER INCOME (EXPENSE):									
INTEREST INCOME	$142						143		
INTEREST EXPENSE (1)	$(310)		(131)				(441)		
INTERCO. INTEREST	$10		(10)						
[illegible] NET	(410)		(75)				(485)		
NET OTHER	$(568)		(216)				(784)		
EARNINGS BEFORE TAXES	$(1,378)		(730)				(2,108)		
TAX PROVISION (BENEFIT)									
NET EARNINGS (LOSS)	$(1,378)		(730)				(2,108)		
EARNINGS BEFORE TAXES	$(1,378)		(730)				(2,108)		
NONCASH ITEMS	$961		337				1,298		
CASH INCOME/(LOSS)	$(418)		(393)				(810)		

INTEREST EXPENSE: (1)

TERM LOAN	97	
REVOLVER	30	
OTHER	4	
TOTAL	131	

MULBERRY PHOSPHATES, INC COMBINED (EXCLUDING PINEY POINT PHOSPHATES, INC.)
CONSOLIDATING STATEMENT OF OPERATIONS
ONE MONTH ENDED APRIL 30, 1992
(AMOUNTS IN 000 S)

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	FARM MARKETING ACTUAL	FARM MARKETING BUDGET	MULBERRY ACTUAL	MULBERRY BUDGET	TAMPA TERM/PIPELINE ACTUAL	TAMPA TERM/PIPELINE BUDGET	CHESAPEAKE PLANT ACTUAL	CHESAPEAKE PLANT BUDGET	CORPORATE ACTUAL	CORPORATE BUDGET	ELIMINATIONS ACTUAL	ELIMINATIONS BUDGET	MULBERRY COMBINED ACTUAL	MULBERRY COMBINED BUDGET	PRIOR YEAR
			@$130/ST												
NET SALES			7,594		185		1,773						9,552		39,315
COST OF GOODS SOLD			8,124		227		1,647						9,998		35,617
GROSS MARGIN			(531)		(42)		126						(447)		3,703
GROSS MARGIN %	0.00 %	0.00 %	(6.99)%	0.00 %	(22.55)%	0.00 %	7.09 %	0.00 %	0.00 %		0.00 %	0.00 %	(4.68)%		
S,G,& A EXPENSES	$(37)		1						400				364		2,815
OPERATING INCOME (LOSS)	$37		(531)		(42)		126		(400)				(810)		887
OTHER INCOME (EXPENSE):															
INTEREST INCOME	$55								88				142		158
INTEREST EXPENSE (1)									(310)				(310)		(715)
INTERCO. INTEREST							(22)		31				9		13
SUNDRY - NET			(374)		1				(24)		(14)		(411)		(566)
NET OTHER	$55		(374)		1		(22)		(215)		(14)		(568)		(911)
EARNINGS BEFORE TAXES	$92		(905)		(41)		104		(615)		(14)		(1,378)		(24)
TAX PROVISION (BENEFIT)															64
NET EARNINGS (LOSS)	$92		(905)		(41)		104		(615)		(14)		(1,378)		(88)
EARNINGS BEFORE TAXES	$92		(905)		(41)		104		(615)		(14)		(1,378)		(24)
NONCASH ITEMS			914		14		7		26				961		1,271
CASH INCOME/(LOSS)	$92		9		(27)		111		(589)		(14)		(418)		1,248

-2-

INTEREST EXPENSE: (1)

TERM LOAN	$86
EXTENDED TERM LOAN	187
REVOLVER	3
AMORT. OF DISCOUNT	25
BRIDGE LOAN	
OTHER	9
ADD'L INTEREST	
TOTAL	$310

MULBERRY PHOSPHATES INC. & SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR-TO-DATE APRIL 30, 1992
(AMOUNTS IN 000'S)

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	MULBERRY COMBINED ACTUAL	MULBERRY COMBINED BUDGET	PINEY POINT PHOSPHATES ACTUAL	PINEY POINT PHOSPHATES BUDGET	ELIMINATIONS ACTUAL	ELIMINATIONS BUDGET	MULBERRY CONSOLIDATED ACTUAL	MULBERRY CONSOLIDATED BUDGET	PRIOR YEAR
ALES	$35,770		22,927				58,697		
OF GOODS SOLD	37,539		23,975				61,514		
SS MARGIN	$(1,769)		(1,048)				(2,817)		
MARGIN %	(4.95)%		(4.57)%				(4.80)%		8.06 %
& A EXPENSES	$3,712		313				4,025		
TING INCOME (LOSS)	$(5,481)		(1,361)				(6,842)		
R INCOME (EXPENSE):									
REST INCOME	$514		1				515		
REST EXPENSE (1)	$(1,353)		(520)				(1,873)		
RCO. INTEREST	$38		(38)						
R - NET	4,490		(138)				4,352		
ET OTHER	$3,689		(696)				2,994		
INGS BEFORE TAXES	$(1,791)		(2,057)				(3,848)		
PROVISION (BENEFIT)									
EARNINGS (LOSS)	$(1,791)		(2,057)				(3,848)		
NGS BEFORE TAXES	$(1,791)		(2,057)				(3,848)		
ASH ITEMS	$2,724		1,382				4,106		
INCOME/(LOSS)	$932		(674)				258		

INTEREST EXPENSE: (1)		
TERM LOAN	374	
REVOLVER	115	
OTHER	30	
TOTAL	520	

MULBERRY PHOSPHATES COMBINED (EXCLUDING PINEY POINT PHOSPHATES, INC.)
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR TO DATE APRIL 30, 1992
(AMOUNTS IN 000 S)

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	FARM MARKETING		MULBERRY		TAMPA TERM/PIPELINE		CHESAPEAKE PLANT		CORPORATE		ELIMINATIONS		MULBERRY COMBINED		
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	PRIOR YEAR
NET SALES			29,542		725		5,503						35,770		99,715
COST OF GOODS SOLD	170		31,534		714		5,121						37,539		91,680
GROSS MARGIN	$(170)		(1,991)		11		381						(1,769)		8,036
GROSS MARGIN %	0.00 %	0.00 %	(6.74)%	0.00 %	1.57 %	0.00 %	6.93 %	0.00 %			0.00 %	0.00 %	(4.95)%		
S,G,& A EXPENSES	$2,114		3						1,595				3,712		10,094
OPERATING INCOME (LOSS)	$(2,284)		(1,994)		11		381		(1,595)				(5,481)		(2,059)
OTHER INCOME (EXPENSE):															
INTEREST INCOME	$153		1						360				514		643
INTEREST EXPENSE (1)			(3)						(1,350)				(1,353)		(2,790)
INTERCO. INTEREST							(65)		104				39		51
SUNDRY - NET	4,964		(374)		(70)				(148)		118		4,490		(207)
NET OTHER	$5,117		(376)		(70)		(65)		(1,034)		118		3,689		(2,303)
EARNINGS BEFORE TAXES	$2,833		(2,371)		(58)		316		(2,629)		118		(1,791)		(4,442)
TAX PROVISION (BENEFIT)	$1,020				(239)						(781)				64
NET EARNINGS (LOSS)	$1,813		(2,371)		180		316		(2,629)		900		(1,791)		(4,506)
EARNINGS BEFORE TAXES	$2,833		(2,371)		(58)		316		(2,629)		118		(1,791)		(4,442)
NONCASH ITEMS			2,535		55		23		110				2,724		3,484
CASH INCOME/(LOSS)	$2,833		164		(4)		339		(2,518)		118		932		(958)

INTEREST EXPENSE: (1)

TERM LOAN	$346
EXTENDED TERM LOAN	755
REVOLVER	112
AMORT. OF DISCOUNT	100
BRIDGE LOAN	
OTHER	37
ADDT'L INTEREST	
TOTAL	$1,350

MULBERRY PHOSPHATES, INC. - CORPORATE CENTER
SELLING, GENERAL & ADMINISTRATIVE EXPENSES ($000'S)
APRIL 30, 1992

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	CORPORATE MULBERRY ACTUAL	STAMFORD CONN. ACTUAL	NEW YORK ACTUAL	TOTAL CORPORATE GROUP ACTUAL	TOTAL CORPORATE GROUP BUDGET	YTD CORPORATE GROUP ACTUAL	YTD CORPORATE GROUP BUDGET
...ARIES	102	34	15	151		616	
...ROLL RELATED EXPENSES	96	3	1	100		264	
...GAL FEES	16			16		45	
...IT AND ACCOUNTING EXPENSE	30			30		120	
...NSULTING FEES	3			3		8	
...TA PROCESSING	7	(5)		2		41	
...NT AND UTILITIES	10			10		50	
...ED ASSET RENTAL AND MAINT.	4		1	5		24	
...PRECIATION AND AMORTIZATION	3			3		13	
...LEPHONE, POSTAGE AND ...PPLIES	22	1		23		77	
...SURANCE EXPENSE	3			3		72	
...RECTORS FEE							
...VERTISING							
...AD DEBT	(2)			(2)		(2)	
...SCELLANEOUS OTHER		18	(11)	7		37	
...NUS							
...PLOYEE EXPENSES	38		2	40		230	
...TAL	332	51	8	391		1,595	

M.P.I. – Mulberry Plant
Production Report
APRIL 1992

==========Actual==========

	USAGE RATE	COST PER TON		DAP COST/TON
PRODUCTION STATISTICS				
SULFURIC ACID			44,191	
P2O5			25,504	
D.A.P.			55,169	
PURCHASED SULFURIC			26,482	
RAW MATERIALS COST				
SULFUR	0.330	78.16	1,110,834	20.14
ROCK	3.571	27.08	2,466,532	44.71
AMMONIA	0.217	103.98	1,244,186	22.55
SULFURIC ACID	2.771	24.00	635,580	11.52
P2O5 W.I.P. USAGE/(INCREASE)			84,171	1.53
Total Raw Material Cost			5,541,302	100.44
SALARIES AND LABOR				
Salaries			185,690	3.37
Maint. Labor			119,800	2.17
Oper. Labor			218,378	3.96
O/H & Benefits			247,429	4.48
Total Labor Cost			771,297	13.98
UTILITIES				
Electric Purchased			74,522	1.35
Electric Sold			13,413	0.24
Gas & Bunker C Oil			33,930	0.62
Total Utilities			121,865	2.21
OTHER EXPENSES				
Maint. Materials			192,195	3.48
Operating Supplies			136,917	2.48
Outside Contract			124,593	2.26
Operating Expense			14,069	0.26
Equipment Rental			14,081	0.26
Other Expenses			20,941	0.38
Insurance & Taxes			152,122	2.76
Cogen Lease			260,000	4.71
Turnaround Expense			0	0.00
Total Other Expenses			914,918	16.58
TOTAL MATERIALS AND EXPENSES			7,349,382	133.22
NON–CASH EXPENSE/(INCOME)				
Turnaround Expense			105,617	1.91
Depreciation Expense			174,611	3.17
Total Non–Cash Expense			280,228	5.08
TOTAL MAT'LS, EXP. and NON–CASH EXP.			7,629,610	138.30

PINEY POINT PHOSPHATES INC
PRODUCTION REPORT DAP
MONTH OF APRIL 1992

PRODUCTION STATISTICS			ACTUAL	
SULFURIC ACID			43,081	
P2O5			19,148	
D.A.P.			39,670	
PURCHASED SULFURIC			6,191	

RAW MATERIALS COST	Usage rate	Price per ton		Cost per ton DAP
SULFUR	0.3600	77.44	1,106,139	27.88
ROCK	1.7256	24.87	1,702,566	42.92
AMMONIA	0.2158	105.32	901,681	22.73
SULFURIC ACID - PURCHASED	0.1194	21.42	132,611	3.34
P2O5 W.I.P. USAGE/(INCREASE)		210.69	(121,730)	(3.07)
SULF ACID W.I.P. USAGE/(INCREASE)		25.64	66,671	1.68
Total Raw Material Cost			3,787,889	95.48
SALARIES AND LABOR				
Salaries			162,737	4.10
Maint. Labor			121,737	3.07
Oper. Labor			219,367	5.53
O.H & Benefits			201,668	5.08
Total Labor Cost			705,559	17.79
UTILITIES				
Electric Purchased			258,119	6.51
Electric Sold			0	0.00
Gas			28,740	0.72
Total Utilities			286,859	7.23
OTHER EXPENSES				
Maint. Materials			130,354	3.29
Operating Supplies			116,214	2.93
Outside Contract			113,267	2.86
Operating Expense			29,631	0.75
Equipment Rental			12,751	0.32
Other Expenses			25,435	0.64
Insurance & Taxes			55,991	1.41
Cogen Lease			0	0.00
Total Other Expenses			483,643	12.19
TOTAL MATERIALS AND EXPENSES			5,263,950	132.69
NON-CASH EXPENSE/(INCOME)				
Turnaround Expense			129,060	3.25
Depreciation Expense			199,402	5.03
Cogen Gain			0	0.00
Total Non-Cash Expense			328,462	8.28
TOTAL MATERIALS, EXPENSES & NON-CASH EXPENSE			5,592,412	140.97

MULBERRY PHOSPHATES INC. & SUBSIDIARIES — MCNSB/S-1
CONSOLIDATING BALANCE SHEET — 06/15/92
APRIL 30, 1992 — 10:07
(000'S)

ASSETS	MULBERRY COMBINED	PINEY POINT PHOSPHATES	ELIMINATIONS	MULBERRY CONSOLIDATED	BUDGET	PRIOR YEAR
CURRENT ASSETS:						
CASH	$6,785	273		7,058		
TRADE A/R, NET	$5,036	297		5,333		
INTERCO. TRADE RECEIVABLES	6,644	2,988	(9,632)			
OTHER RECEIVABLES	10,375	3,019		13,394		
NET RECEIVABLES	$22,055	6,304	(9,632)	18,727		
INVENTORIES	$7,651	2,390		10,041		
PREPAID AND OTHER	976	128		1,104		
S/T INVESTMENTS (BOL)						
TOTAL CURRENT ASSETS	$37,467	9,095	(9,632)	36,930		
INV. IN CTI						
INV. IN SUBSIDIARIES	9,000		(9,000)			
FIXED ASSETS, NET	16,992	18,535		35,527		
MISC. NONCURRENT	17,073	2,043	(1,500)	17,616		
TOTAL ASSETS	$80,532	29,673	(20,132)	90,073		
LIABILITIES AND EQUITY						
CURRENT LIABILITIES:						
S/T BANK DEBT		4,500		4,500		
CURRENT L/T DEBT		12,757		12,757		
CUSTOMER DEPOSITS						
O/S CHECKS PAYABLE	9			9		
ACCOUNTS PAYABLE	7,408	18,350		25,758		
INTERCO. PAYABLE	1,965	6,506	(8,470)	1		
INTERCO. LOANS PAYABLE						
ACCRUED LIABILITIES	2,562	882	(94)	3,350		
INCOME TAX PAYABLE	442			442		
DUE JOINT VENTURE	(1)			(1)		
TOTAL CURRENT LIABILITIES	$12,385	42,996	(8,564)	46,817		
LONG TERM DEBT		1,500	(1,500)			
OTHER NONCURRENT	(15)			(15)		
DEFERRED INCOME TAXES	287			287		
PRE-PETITION LIABILITIES	$101,631		(1,068)	100,563		
MINORITY INTEREST	$414			414		
STOCK PURCHASE WARRANTS						
COMMON STOCK	$11			11		
PAID IN CAPITAL	3,049	9,000	(9,000)	3,049		
RETAINED EARNINGS	$(37,230)	(23,823)		(61,052)		
TOTAL EQUITY	$(34,170)	(14,823)	(9,000)	(57,992)		
TOTAL LIABILITIES & EQUITY	$80,532	29,673	(20,132)	90,073		

MULBERRY PHOSPHATES COMBINED (EXCLUDING PINEY POINT PHOSPHATES, INC.)
CONSOLIDATING BALANCE SHEET
APRIL 30, 1992
(000'S)

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ASSETS	FARM MARKETING	MULBERRY	TAMPA TERMINAL	CHESAPEAKE	CORPORATE	ELIMINATIONS	MULBERRY COMBINED
CURRENT ASSETS:							
CASH		65	1	1	6,718		6,785
TRADE A/R, NET		768	15	2,100	2,153		5,036
INTERCO. TRADE RECEIVABLES		2,861	2,606	868	3,394	(5,851)	3,878
OTHER RECEIVABLES	4	5,384	902		4,085		10,375
NET RECEIVABLES	$4	9,013	3,523	2,968	9,633	(5,851)	19,289
INTERCO. LNS. REC.	$68,396		1,779	21	(32,388)	(35,042)	2,766
INVENTORIES		4,392	476	1,725	1,057		7,650
PREPAID AND OTHER	27	193	61		694		975
S/T INVESTMENTS (BOL)							
TOTAL CURRENT ASSETS	$68,428	13,663	5,840	4,715	(14,285)	(40,894)	37,457
INV. IN OTI							
INV. IN SUBSIDIARIES					27,301	(18,299)	9,002
FIXED ASSETS, NET		15,400	872	536	185		16,993
OTHER NONCURRENT		508	307		16,257		17,072
TOTAL ASSETS	$68,428	29,571	7,019	5,251	29,458	(59,193)	80,535
LIABILITIES AND EQUITY							
CURRENT LIABILITIES:							
S/T BANK DEBT							
CURRENT L/T DEBT							
CUSTOMER DEPOSITS							
O/S CHECKS PAYABLE				9			9
ACCOUNTS PAYABLE	8	5,676	174	(17)	1,573	(6)	7,408
INTERCO. PAYABLE	737	6,828	46	13		(5,659)	1,965
INTERCO. LOANS PAYABLE	6,879	28,075				(34,954)	
ACCRUED LIABILITIES	522	860	42	131	1,288	(281)	2,562
INCOME TAX PAYABLE	(20)				462		442
DUE JOINT VENTURE			(1)				(1)
TOTAL CURRENT LIABILITIES	$8,128	41,438	260	136	3,323	(40,900)	12,385
LONG TERM DEBT							
OTHER NONCURRENT	(24)				9		(15)
DEFERRED INCOME TAXES					287		287
PRE-PETITION LIABILITIES	$38,735	16,525		1,446	44,925		101,631
MINORITY INTEREST						414	414
STOCK PURCHASE WARRANTS							
COMMON STOCK	$1,200				111	(1,300)	11
PAID IN CAPITAL	10,350	(12,762)	2,483	3,202	3,374	(3,599)	3,048
RETAINED EARNINGS	$10,039	(15,630)	4,275	467	(22,571)	(13,808)	(37,227)
TOTAL EQUITY	$21,590	(28,392)	6,759	3,669	(19,086)	(18,707)	(34,167)
TOTAL LIABILITIES & EQUITY	$68,428	29,571	7,019	5,251	29,458	(59,193)	80,535

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MULBERRY PHOSPHATES, INC.
(FORMERLY "ROYSTER COMPANY")
CONSOLIDATED STATEMENT OF CASH FLOWS
APRIL 30, 1992
($000'S)

	SOURCE (USE) OF CASH		
	MONTH		
	Actual	Budget	Y-T-D
Net Income	($2,108)		($3,848)
Add Non Cash Expenses:			
Depreciation	398		$1,588
Other non-cash charges/credits	901		$2,521
Cash flow	(809)		261
Decr.(Incr.) in trade receivables	(1,001)		1,118
Decr.(Incr.) in inventory	1,490		3,421
Incr.(Decr.) in trade payables and other liabilitie	(331)		(398)
Decr.(Incr.) in prepaids for St Louis fire costs			(224)
Reclass L/C cash collateral to cash for F/S			501
Other - net	831		379
EFFECTS OF THE FMG SALE:			
Sale of FMG inv. / collection of prepaid inv.	445		15,504
Collections of FMG trade A/R	284		1,199
Collection of FMG CPC rebates and misc. A/R	8		383
Sale of fixed assets @ NBV			5,307
Receipt of FMG Preferred Stock			(2,250)
Liabilities assumed by FMG			(585)
Receivable from FMG (10% work capital hold)			(2,491)
Write-off of deferred FMG legal costs			828
Cash flow provided by (used in) operations	917		22,953
Fixed asset purchases - other	(40)		(135)
Decr.(Incr.) in Co-Gen lease escrow account	(64)		(256)
Cash flow provided (used) before financing	813		22,562
Incr.(Decr.) in bank revolver	(580)		(16,000)
Incr.(Decr.) in long-term debt - other			
Incr.(Decr.) in Piney Point Phosphates demand notes			(800)
Incr.(Decr.) in Mulberry Phosphates Inc. term loan			
Incr.(Decr.) Mulberry Phosphates, Inc. ext. term lo	(157)		(157)
Increase (Decrease) in cash	$76		5,605
Cash at Beginning of Period	6,982		1,453
Cash at End of Period	$7,058		$7,058

Cash as of 4/30/92 consists of the following:

Cash in banks / petty cash	$791
Tampa terminal ammonia heel escrow - Sun Bank	86
Calhoun county revenue bond escrow - Chase	630
FMG fixed asset proceeds - NMB	5,037
Transaction escrow - Chase	4
L/C cash collateral accounts - NMB	510
Total cash per balance sheet	$7,058

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MULBERRY PHOSPHATES, INC.
(FORMERLY "ROYSTER COMPANY")
(EXCLUDING PINEY POINT PHOSPHATES, INC.)
ANALYSIS OF PRE-PETITION LIABILITIES
APRIL 30, 1992
($000'S)

NMB Term Loan	$12,850
Unamortized term loan discount	(500)
Bank Extended Loan	24,806
? .k County IRB	940
Calhoun County IRB	550
Trade Accounts Payable (Vouchered)	58,474
Accrued payables	4,511
TOTAL PRE-PETITION LIABILITIES	$101,631

MULBERRY PHOSPHATES, INC.
ANALYSIS OF SHORT TERM DEBT
APRIL 30, 1992
($000'S)

	BALANCE
TRANCHE A REVOLVER	
TRANCHE B REVOLVER	
SHORT TERM DEBT PER BALANCE SHEET	$ 0.00

(NOTE: ALL FMG PROCEEDS BEING RECEIVED ARE NOW BEING REMITTED TO NMB TO REPAY THE EXTENDED TERM DEBT)

PINEY POINT PHOSPHATES, INC.
ANALYSIS OF DEBT
APRIL 30, 1992
($000'S)

	Current Long-Term Debt	Long-Term Debt	Total
Bank Term Loan *	$12,890		$12,890
Unamortized Discount/Term Loan *	(133)		(133)
Bank Revolver *	4,500		4,500
Subordinated note to parent		1,500	1,500
NMB demand note (Dated 6/25/91)			
Total	$17,257	$1,500	$18,757

(*) All bank debt has been reclassed to current at
due to non-compliance with certain loan covenants.

MULBERRY PHOSPHATES, INC.
(EXCLUDING PINEY POINT PHOSPHATES, INC.)
ANALYSIS OF SELECTED FINANCIAL STATEMENT ITEMS
APRIL 30, 1992
($000'S)

I. OTHER RECEIVABLES

Receivable from CTI	$6,388
FMG Working Capital 10% holdback	2,493
Due from Brimstone - railcar leases	546
Accrued rebates / returns - CPC	408
Freight payments applied to pre-petition by vendors	238
Freight rebate - CSX	209
Receivable from Nu Gulf	34
Norsk Hydro - railcar unloading	34
Florida Power electric rebate	15
All other	10
Total	$10,375

II. OTHER NON-CURRENT ASSETS

Cogeneration escrow account	$8,968
Due from Officers	2,992
FMG Preferred Stock - from FMG sale	2,250
Subordinated promissory note from Piney Point Phosphates, Inc.	1,500
Misc. notes receivable	515
Deferred turnaround costs	349
Tampa terminal sale - deferred costs	287
Deferred bank fees	133
Utility deposits - Mulb / Tampa	77
Other	1
Total	$17,072

III. SUNDRY - NET INCOME (EXPENSE)	CURRENT MONTH	YTD
Miscellaneous - other	($22)	($63)
FMG - gain on sale of fixed assets		4,933
Adjust R/K minority interest	(14)	113
Pipeline pass thru costs		(71)
Writeoff of Mineral Rights	(374)	(374)
Bank service charges	(1)	(49)
Total	($411)	$4,489

PINEY POINT PHOSPHATES, INC.
(FORMERLY "ROYSTER PHOSPHATES, INC.)
ANALYSIS OF SELECTED FINANCIAL STATEMENT ITEMS
APRIL 30, 1992
($000'S)

I. OTHER NON-CURRENT ASSETS

Deferred turnaround costs	$1,783
Deferred acquisition costs	259
Deferred joint venture costs	0
Total	$2,043

(1) Included in Interco Accounts is a net receivable due from Piney Point Phosphates, Inc. of $ 4,679.

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MULBERRY PHOSPHATES, INC. COMBINED
(FORMERLY "ROYSTER COMPANY")
(EXCLUDING PINEY POINT PHOSPHATES, INC.)
SUMMARY OF FINANCIAL COVENANTS (1)
APRIL 30, 1992
($000'S)

Loan Agreement Section			
8.1	I. Net current assets (Adjusted) Net current assets (Adjusted) required		$25,082 $25,000
8.21	II. Current ratio Current ratio required		3.03 1.40
8.4/8.5	VII. Customer deposits/vendor prepayments: No deposit from any customer in excess of $1,000,000 existed as of 04/30/92, and no advances from CTI were outstanding during the month. No prepayments to suppliers in excess of $2.0 million were outstanding during the month.		
8.15	VIII. Capital expenditures: ($000's) Expenditures incurred - Year to date: Maximum amount allowed	APRIL 30, 1992	$132 $2,000
8.29	IX. Maintenance Turnaround: Expenditures incurred - 18 months ended: Maximum amount allowed	APRIL 30, 1992	$1,418 $2,500

(1)Mulberry Phosphate's financial ratio covenants are calculated in accordance with the Second Amended and Restated Loan Agreement executed 9/7/90 and Credit Agreement dated 4/8/91 and are based on Mulberry Combined (ex. Piney) financial statements prepared with classification of bank debt as long-term due to its inclusion in prepetition liabilities (non-current) and as if there were no events of default.

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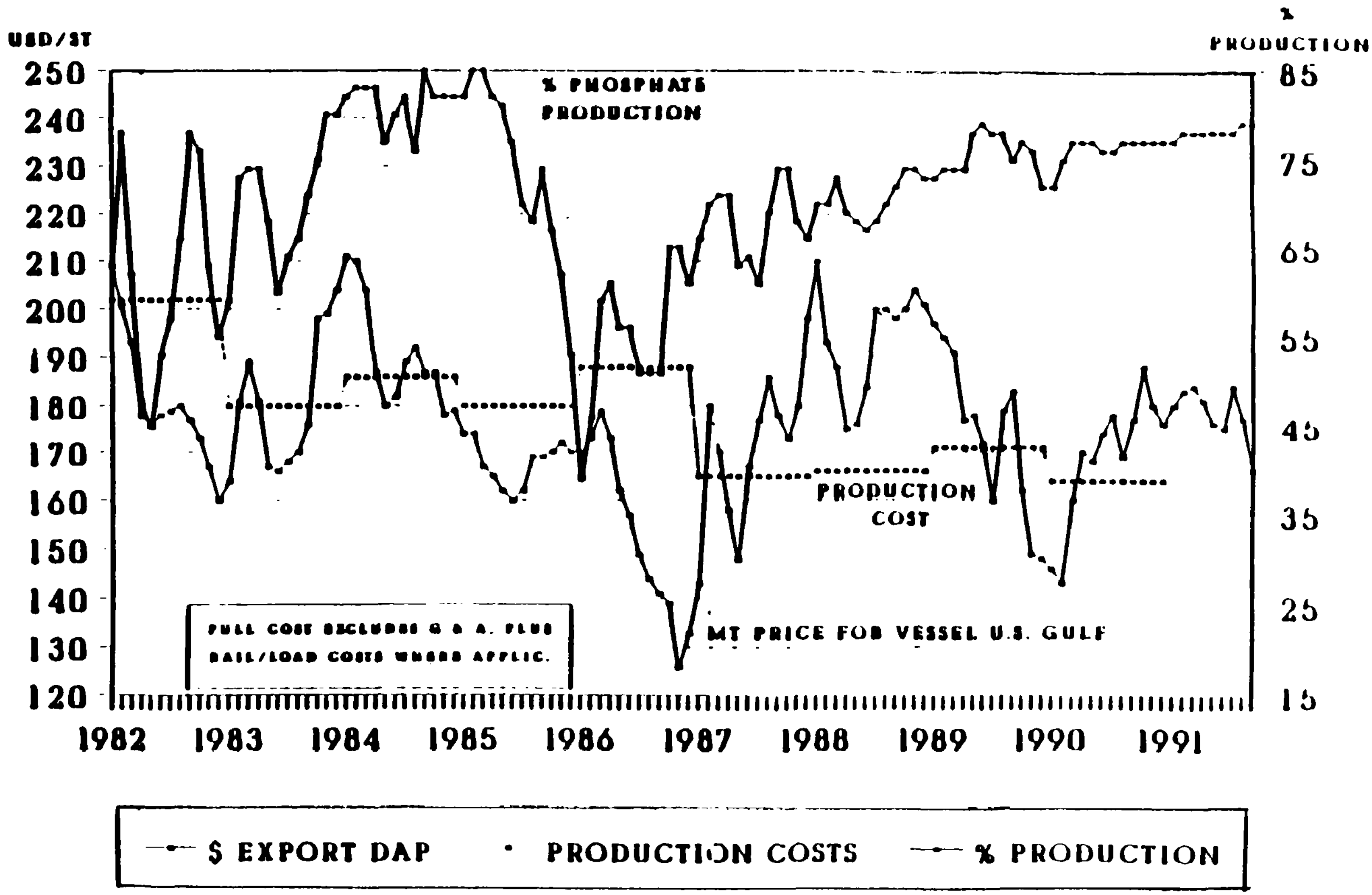
MULBERRY PHOSPHATES, INC.
(FORMERLY "ROYSTER COMPANY")
CONSOLIDATED INVENTORY RECONCILIATION
APRIL 30, 1992
($000'S)

Mulberry - DAP	$637
Mulberry - Raw Materials & Sundry	1,876
Mulberry - Inventory Stored Offsite	0
Piney Point Phosphates - DAP	27
Piney Point Phosphates - 16-20-0	0
Piney Point Phosphates - Raw Materials & Sundry	636
Piney Point Phosphates - Inventory Stored Offsite	0
Prepaid Inventory - Plants	560
Prepaid Inventory - Corp (former FMG)	1,057
Spare Parts	3,212
Chesapeake	1,560
Tampa Terminal	476
Other Adjustments: NOTE: Does not include $86 of heel escrow	0
INVENTORY PER FINANCIAL STATEMENTS	$10,041

EXHIBIT E

U.S. EXPORT DAP SPOT PRICE HISTORY
COMPARED TO PHOSPHATE PRODUCTION
JAN 1, 1982 THROUGH SEPT 1, 1991



SOURCE : INTER-CHEM & TFI

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EXHIBIT E

THIS DOES NOT REPRESENT A COMMITMENT
FOR DISCUSSION PURPOSES ONLY

August 20, 1992

MULBERRY PHOSPHATES, INC.

Indicative Term Sheet

Borrower:	Mulberry Phosphates, Inc.
Form of Borrowing:	Senior Secured Bank Term Debt due 1999 (the "Term Debt").
Guarantor:	E. Beker will enter into a guarantee of the Term Debt, limited in amount to $5,000,000, secured by all of his interest, direct or indirect, absolute or contingent, and whether now existing or hereafter created, in Fertilizer Development and Investment B.V. ("FDI"), the Borrower, or any of their respective subsidiaries or affiliates (collectively, "Beker Interests"), the terms of which shall be satisfactory to the Lenders.
Collateral:	First priority perfected lien and mortgage on all property and assets (including real estate, property, plant and equipment) owned by the Borrower and Piney Point Phosphates, Inc. ("PPP"), including in any event a mortgage on the co-generation facility at the Mulberry plant (if purchased) but excluding the following (the "Excluded Assets"): (a) the Florida Ammonia Terminal, (b) the Chesapeake plant, (c) preferred stock in the Farm Marketing Group and (d) other assets conveyed to the Creditors' Liquidating Trust in partial satisfaction of the claims of unsecured creditors. First priority perfected

	pledge on all of the capital stock of the Borrower.
Amount:	Up to $31,000,000.
Maturity:	Seven years.
Lenders:	The Chase Manhattan Bank, N.A. ("Chase") and Internationale Nederlanden Bank N.V. ("NMB").
Agent:	Internationale Nederlanden Bank N.V.
Use of Proceeds:	There will be a single drawing of the Term Debt and the proceeds will be used to repay existing indebtedness of the Borrower and PPP to the Lenders.
Amortization:	Level quarterly principal payments assuming a ten-year amortization schedule, commencing on the first quarterly date after drawdown, with a bullet payment of remaining outstanding indebtedness at the end of the seventh year.
Facility Fee:	1/2 of 1% on the amount of the Term Debt, payable on the signing of definitive credit documentation.
Interest Rate:	Prime rate (or, if higher, the Federal Funds Rate plus 1/2 of 1%) plus (a) for the first 18 months after closing, 1-1/2% per annum and (b) thereafter, 2% per annum. Interest shall be calculated on the basis of the actual number of days elapsed in a year of 360 days, payable monthly in arrears.
Post-default Rate:	2% higher than the otherwise applicable rate; will apply during the continuance of any Event of Default.
Restricted Payments:	No dividends or redemption or repurchase of any common or

preferred stock of the Borrower. No payments on subordinated debt of the Borrower, except that interest payments on the Borrower's Senior Subordinated Debt due 2002 may be paid provided that the Borrower is not in violation of certain covenants.

Cash Flow Recapture: 66.6% of all Excess Cash Flow (to be defined in the loan documents) will be used to prepay the Term Debt quarterly, with payments applied in inverse order of maturity.

Financial Covenants: Will include (without limitation): a minimum current ratio, a minimum level of working capital, a minimum interest coverage ratio, a minimum fixed charges coverage ratio, a maximum leverage ratio, a maximum inventory to sales ratio and a minimum level of net worth.

Other Covenants: Will include (without limitation): Financial and other information (including annual unaudited statements of net worth of each of the guarantors and copies of their respective income tax returns); disclosure by the Borrower of Beker Interests; limits on dispositions of assets and changes in business; maintenance of insurance; no mergers or acquisitions; no capital expenditures (including turn-around) in excess of an annual cap to be agreed upon and no capital projects except those for which the Lenders have received an engineering study and financial report satisfactory to the Lenders; no dividends or other restricted payments; no indebtedness except as contemplated hereby; limits on loans and investments; negative pledge; limits on transactions with affiliates; no expenditures for general administrative costs (including management and board of directors salaries) in excess of amounts set forth in a management chart and budget acceptable to the Lenders; and sale of the inventory, accounts receivable and current assets of the Chesapeake plant within one year of closing.

Covenants with respect to the Guarantor to be agreed upon by the Lenders and the Guarantor.

Events of Default:	Will include (without limitation): non-payment, misrepresentation, breach of covenant, bankruptcy, ERISA-related events, judgments, change of ownership or control, change in management, material adverse change, cross-default and the shut-down of the Mulberry plant or the Piney Point plant for more than 30 days (other than for scheduled maintenance or capital projects agreed to by the Lenders).
Optional Prepayment:	The Term Debt may be prepaid by the Borrower at any time without penalty upon two days' written notice.
Conditions Precedent:	1. The acquisition by FDI of all of the stock of the Borrower (to be followed by a forward merger of PPP into the Borrower (if such a merger cannot be effected, PPP will unconditionally guarantee the Term Debt and the Senior Subordinated Debt)), and the sale of the Florida Ammonia Terminal and the assets

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conveyed to the Creditors' Liquidating Trust. Such acquisition will be subject to the satisfaction of conditions precedent set forth in the stock purchase agreement.

2. The Borrower's receipt of cash proceeds of at least $5,000,000 from the issuance of common equity.

3. The Borrower's receipt of cash proceeds of at least $8,000,000 from the issuance of Senior Subordinated Debt from persons other than Lenders.

4. The confirmation of plans of reorganization of the Borrower and PPP, acceptable to the Lenders and the Borrower.

5. The assumption by the Borrower of the Borrower's existing contract with Florida Power & Light, and of any other material contracts of the Borrower and PPP.

6. The Borrower's and PPP's entering into a phosphate rock contract acceptable to the Lenders and the Borrower.

7. The Borrower's maintenance of its and PPP's net operating loss for tax purposes, to the extent allowed by law.

8. The Borrower's assumption of the co-generation lease, or its acquisition from CIT of the co-generation facility, at the Mulberry plant.

9. At closing (and after giving effect to payments to be made relating to the confirmation of the plans of reorganization), the Borrower shall have (a) not less than

$13,500,000 in working capital consisting of cash in bank accounts maintained at the Lenders and inventory of types and in amounts acceptable to the Lenders, and (b) a cash reserve (in bank accounts maintained at the Lenders) for turn-around and capital expenditures, in the respective amounts agreed to by the Lenders and the Borrower.

10. FDI will disclose all Beker Interests to the Lenders.

Expenses:	Expenses of documentation and closing the Term Debt and the Senior Subordinated Debt (including the Lenders' legal fees) are for account of the Borrower. The Borrower will indemnify the Lenders for any losses or damages suffered in connection with the Term Debt. Neither Lender will be responsible or liable to any person for any consequential or punitive damages which may be alleged as a result of the Term Debt, the Senior Subordinated Debt or the term sheets relating thereto.
Agency Fee:	$150,000 per annum, payable annually in advance.
Documentation:	The Term Debt will be subject to the negotiation, execution and delivery of a definitive credit agreement (including schedules, exhibits and ancillary documentation) and related security agreements, guarantees and other support documentation satisfactory to the Lenders and related documentation for the Senior Subordinated Debt. Such credit agreement will contain representations and warranties, funding and yield

protection provisions (including, without limitation, a requirement for compensation for the cost of compliance by the Lenders with capital adequacy and similar requirements), conditions precedent, covenants, events of default and other provisions appropriate for transactions of this type and others determined by the Lenders to be appropriate. All terms not expressly set forth in this term sheet shall be acceptable to the Lenders in their sole discretion.

Intercreditor Issues:	The Term Debt may be structured in multiple tranches with differing priorities in right of payment and in right of collateral security.
Warrants:	The Lenders will receive warrants exercisable for common stock of the Borrower representing 20% fully diluted ownership of the Borrower's common stock. Such common stock issued to the Lenders will not have voting rights.
	Purchase price: $5,000,000 of existing indebtedness of the Borrower ($2,500,000 paid by Chase and $2,500,000 paid by NMB).
	Exercise price: Nominal.
	Expiration: 7 years after the closing date.
	Exercisability: At any time in whole or in part.
	Registration Rights: To be negotiated.
	Put Rights: The Lenders will have the right from time to time after the third

anniversary of the closing to put the Warrants and any common stock issued or issuable pursuant to the Warrants ("Warrant Stock") to the Borrower at a price equal to 90% of the fair market value thereof, as determined by an investment banking firm acceptable to the Lenders and the Borrower (an "Appraiser"); other customary put rights to be negotiated.

Convertibility: After the scheduled maturity of the Senior Subordinated Debt, the Warrant Stock may be converted into a class of capital stock of the Borrower having the ability (without the consent of any other stockholders) to manage and direct the management of the Borrower and to elect to sell all or any part of its assets.

Redemptions: Permitted only after the repayment in full of the Term Debt and the Senior Subordinated Debt held by the Senior Lenders and only in whole (not in part), for a redemption price, for the first three years after the closing, equal to the percentages set forth below of the sum of (a) $5,000,000 plus (b) all Additional Loans (as defined below) made by the Lenders:

Year	Percentage
1st year after closing	120%
2nd year after closing	130%
3rd year after closing	140%

and thereafter at a redemption price equal to the greater of (a) $7,000,000 and (b) 90% of

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the fair market value of the Warrants and Warrant Stock, as determined by an Appraiser.

The warrant agreement will provide for additional Warrants as described below.

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If the Lenders and the Borrower determine that the Borrower requires additional capital, the Lenders may (but are not required to) make additional loans ("<u>Additional Loans</u>") to the Borrower (on the same terms as the Term Debt) and FDI may (but is not hereby required to) make additional capital contributions (in the form of equity) to the Borrower ("<u>Additional Equity</u>").

If the ratio of Additional Loans to Additional Equity is less than 2 to 1, FDI shall be entitled to 1 additional Adjusted Share for each $62,500 in Additional Equity which, if subtracted from the amount of Additional Equity for the purposes of calculating such ratio, would result in the ratio of Additional Loans to Additional Equity being less than or equal to 2 to 1.

If the ratio of Additional Loans to Additional Equity is greater than 2 to 1, the Lenders shall be entitled to 1 Adjusted Share (or Warrants therefor) for each $125,000 in Additional Loans which, if subtracted from the amount of Additional Loans for purpose of calculating such ratio, would result in the ratio of Additional Loans to Additional Equity being greater than or equal to 2 to 1.

"Adjusted Share" mean one share of common stock of the Borrower, assuming that the total number of shares of common stock of the Company before giving effect to this clause is 100, with 80 being issued to FDI and 20 being Warrant Stock, adjusted accordingly if such total number of shares is not 100.

Governing Law; Etc.:	The State of New York. The Borrower and the Guarantors will submit to the jurisdiction of State and Federal courts sitting in New York City and will waive any right to a jury trial.

THIS DOES NOT REPRESENT A COMMITMENT
FOR DISCUSSION PURPOSES ONLY

MULBERRY PHOSPHATES, INC.

Indicative Term Sheet

Borrower:	Mulberry Phosphates, Inc.
Security:	Senior Subordinated Indebtedness due 2002 (the "Senior Subordinated Debt").
Interest Rate:	Prime Rate (or, if higher, the Federal Funds Rate plus 1/2 of 1%) plus 2-1/2, payable semi-annually.
Amount:	$21,000,000.
Holders:	$13,000,000 of the Senior Subordinated Debt shall be held by The Chase Manhattan Bank, N.A. and Internationale Nederlanden Bank, N.V. (the "Senior Lenders") and $8,000,000 of the Senior Subordinated Debt shall be held by entities who are also the common shareholders of the Borrower.
Maturity:	Ten years after the date of issuance, in 2002.
Collateral:	The same as for the Term Debt, provided that the Holders will not be permitted to realize on the Collateral until payment in full of the Term Debt.
Sinking Fund:	The Borrower shall make two sinking fund payments of $7,000,000 on the eighth and ninth anniversaries of the issuance of the Senior Subordinated Debt, with a final payment of $7,000,000 at maturity.
Subordination Provisions:	The Senior Subordinated Debt shall have in its indenture subordination provisions, covenants, representation and events of default which shall

be satisfactory in form and substance to the Senior Lenders, including standstill provisions. The Holders will not be permitted to accelerate the maturity of the Senior Subordinated Debt, or take any action to enforce payment on the Senior Subordinated Debt, until the payment in full of the Term Debt. The Intercreditor Agreement shall provide that interest payments on the Senior Subordinated Debt shall not be made unless the Borrower is in compliance with specific covenants of its senior indebtedness.

Optional Prepayment:	The Senior Subordinated Debt may be prepaid at any time without penalty, provided that the consent of the Borrower's Senior Lenders has been obtained regarding such prepayment.

Exhibit B

THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

In re:	
MULBERRY PHOSPHATES, INC. f/k/a ROYSTER COMPANY et al.,	Case No. 92-7012-8P1 92-7013-8P1 92-7014-8P1
Debtor(s)	Chapter 11

NOTICE OF CONFIRMATION

NOTICE IS HEREBY GIVEN that on January 5, 1993, this Court entered an Order confirming a plan of reorganization heretofore submitted by the above-named debtor(s) and accepted by the requisite number and amount of creditors in each class affected by the plan.

NOTICE IS FURTHER GIVEN that by virtue of Section 1141(b) of the Bankruptcy Code, the Order of Confirmation vests all the property of the estate in the debtor(s), except as otherwise provided in the plan or the Order confirming the plan.

YOU ARE FURTHER NOTIFIED that,, except as otherwise provided in Section 1141(d)(1),(2) and (3), the Order of Confirmation operates as a discharge from any debt which arose before the date of confirmation and any debt specified in Section 502(g),(h) and (i), whether or not proof of claim was filed or allowed or the holder of such claim accepted the plan.

PLEASE GOVERN YOURSELF ACCORDINGLY.

DATED at Tampa, Florida on January 5, 1993.

BY THE COURT

U.S. Bankruptcy Court
4921 Memorial Hwy., Ste 200
Tampa, Florida 33634

cc: Debtor(s)
Debtor(s) Atty: John K. Olson, Esq.
Debtor(s) Atty: William Rochelle, Esq.
Creditors' Committee
Attorney for Creditors Committee: Mark Silverschotz, Esq.
Attorneys of Record
All Creditors
Calendar Clerk
U. S. Trustee

I CERTIFY THAT THIS NOTICE WAS SERVED BY U.S. MAIL TO Fulbright & Jaworski, ATTORNEY FOR DEBTOR. FOR SERVICE TO BE EFFECTED UPON THE PARTIES LISTED ON

1-5-93 (Date)

By Deputy Clerk TBG

JJS ✓
cc: DAC
SKO

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA,
TAMPA DIVISION

In re MULBERRY PHOSPHATES, INC., *f/k/a* ROYSTER COMPANY, *f/k/a or d/b/a Royster, Royster Co., Inc., Royster - a Cedar Holdings Co., Royster Southeast Region, Royster Southeast Regional Office, Royster Southeast Co., Royster Southeast, Royster Southeast Mid-West Group, Royster - St. Louis,* Royster - Ponsto, Royster - Wauseon, Ponsto Warehouse, Royster Carolina, Royster Agri Chemical Co., S&S Farm Services, Inc., Darlington Farm Services, Inc., Royster Midwest, Royster Toledo, RWD Farm Services, Frontier Farm Center, Royster - Madison, Royster - Madison, Inc., Royster Mulberry, Royster Chesapeake, Royster Agricultural Products Company, Royster South Norfolk, Micronel Corporation and Royster Tampa Terminal, Debtor.	:	Chapter 11 Case No. 91-07012-8P1
In re MID-ATLANTIC FERTILIZER, INC., *f/k/a* ROYSTER MID-ATLANTIC COMPANY, *f/k/a* or d/b/a Royster Mid-Atlantic Regional Office, *Royster Mid-Atlantic Region, Royster Mid-Atlantic* Group, Royster Mid-Atlantic, Royster Mid-Atlantic Co., Royster Mid-Atlantic Co., Inc., Royster Mid-Atlantic, Wilson, NC Division, Royster Mid-Atlantic New Bern & Pamlico Division, Royster Mid-Atlantic, Lynchburg, VA Division, New Bern Oil Mill, Royster-New Bern Inc., Royster-Pamlico Company, Inc., Pamlico Chemical Co., Pamlico Chemical Inc., New Bern Oil & Fertilizer Co., Grifton Fertilizer & Supply Co., *F.S. Royster Mercantile, F.S.* Royster Mercantile Co., F.S. Royster Mercantile Co., Inc., Royster Mercantile, Royster-Wilson, Superior AG Products, Inc., Royster AG Chemical Co., Northeastern Agri Supply Inc., Northeastern Farm Services, Royster-Lynchburg, Royster of Lynchburg, Inc., Royster of Lynchburg, Crystal Hill Farm Supply and Axton Farm Services, Debtor.	:	Chapter 11 Case No. 91-07013-8P1
In re PENNSYLVANIA FERTILIZER, INC., *f/k/a* R/K AGRI SERVICE INC., *f/k/a* or d/b/a Royster/Kirby, R/K Lancaster, Royster Lancaster, Royster Northeast, Master Farmer, Organic Plant Food, Cramer Fertilizer, R/K AG Warehousing, R/K Upper Marlboro, R/K Richland and R/K Lyons,	:	Chapter 11 Case No. 91-07014-8P1 (Jointly Administered)

RECEIVED

ORDER SUPPLEMENTING ORDER CONFIRMING DEBTORS' PLAN OF REORGANIZATION UNDER 11 U.S.C. § 1129

The above captioned debtors (collectively, the "Debtors"), having filed their fifth amended, joint plan of reorganization, dated September 24, 1992 (the "September 24 Plan"); and the September 24 Plan having been transmitted to creditors and security holders; and the Debtors having amended (the "Amendment") the September 24 Plan pursuant to an amendment dated November 6, 1992 (the September 24 Plan, as amended, being referred to hereafter as the "Plan");and a hearing and trial ("Hearing") to consider confirmation of the Plan having been held on November 10 - 11, 1992; and Superfos A/S and Superfos Investments Ltd. ("Superfos") having filed an objection to confirmation; and Cedar Chemical Corp. having filed an objection to confirmation, which objection was withdrawn prior to the Hearing; and the Court having entered an order confirming the Plan, dated January 5, 1993, entitled "Order on Fifth Amended Joint Plan of Reorganization" ("Confirmation Order"); and the Debtors having filed a motion, dated January 11, 1993 ("Supplemental Motion") to supplement the Confirmation Order; and the Supplemental Motion having come before the Court for hearing on January 26, 1993, with the positions and appearances of interested parties having been noted on the record thereof; and sufficient cause appearing for the entry of this order for the reasons stated by the Court at the hearing on January 26, 1993; it is

ADJUDGED, DETERMINED AND FOUND after hearing on due and sufficient notice that:

7. No other offers for the stock of MPI were presented at the Meeting.

8. The FDI Motion came before the Court for hearing on November 10 - 11, 1992.

9. The FDI Contract represents the highest and best offer for the stock of MPI, is in the best interest of the Debtors' estates, and enables the confirmation of the Plan.

10. FDI deposited $2 million into an escrow account held by Citibank, N.A., as security for the performance of FDI's obligations under the FDI Contract.

11. The Plan does not provide for the liquidation of all or substantially all of the property of the Debtors. After Closing, the principal assets to be owned by MPI shall include the DAP plant located in Mulberry, Florida, the sulfuric acid and co-generation facilities located in Mulberry, Florida, the stock of MAF and PFI, the stock of Piney Point Phosphates, Inc., a subsidiary which has confirmed its own chapter 11 plan and owns its own DAP plant, and the Debtors' rights under a contract with the Wingate Creek mine for the purchase of a portion of the Debtors' requirements of phosphate rock.

12. Except for Class 6(A) which includes certain of the claims of Superfos and Class 8 (holders of Common Stock of MPI who neither receive nor retain any property under the Plan), the Plan has been accepted in writing by the requisite majorities of creditors whose acceptance is required by law. With respect to Class 6(A) and Class 8, the Plan satisfies the requirements of 11 U.S.C. § 1129(b).

1. The Debtors' disclosure statement ("Disclosure Statement") was approved by an order dated September 29, 1992.

2. A copy of the September 24 Plan, as filed with the Court, was annexed as an exhibit to the Disclosure Statement.

3. The Disclosure Statement was transmitted to the Debtors' creditors and security holders, as required by the provisions of the Bankruptcy Code and in accordance with the order of this Court.

4. The Plan provides that the Farm Marketing Group[1] and the Tampa Facility would be sold in connection with the Plan. The Plan provides that a sum of money equal to the proceeds of the real property at the facility in Chesapeake, Virginia would be paid to the Liquidating Trust. Thus, the Farm Marketing Group, the Tampa Facility, and the property in Chesapeake, Virginia have been or will have been sold under the Plan.

5. The sales of the Tampa Facility, the Farm Marketing Group, and the facility in Chesapeake, Virginia, have closed pursuant to orders of this Court.

6. The Debtors filed a motion, dated September 30, 1992, for approval of the FDI Contract ("FDI Motion"). The FDI Contract and the Plan provide that all of the stock of the debtor Mulberry Phosphates, Inc. ("MPI") will be sold to FDI or its nominee pursuant to the FDI Contract or to whomever might present a higher or better offer at the meeting, which was convened by the Debtors on November 4, 1992 (the "Meeting").

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[1] Unless otherwise indicated, all defined terms in this order shall have the meanings ascribed to them in the Plan.

13. The Plan has been accepted by at least one class of impaired claims, excluding votes casted by insiders, as required by Section 1129(a)(10) of the Bankruptcy Code.

14. The Institutional Lenders are the only creditors adversely affected by the Amendment. The Institutional Lenders have consented to the Amendment.

15. The Plan complies with the applicable provisions of the Bankruptcy Code. The Plan and the FDI Contract have been proposed in good faith and not by any means forbidden by law.

16. With respect to each impaired class of Claims or interests, each holder of a Claim or interest of such class (i) has accepted the Plan; or (ii) will receive or retain under the Plan property of a value, as of the Closing Date, that is no less than the amount that such holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code on such date.

17. All payments made or promised by the Debtors or FDI for services or for costs and expenses in, or in connection with, the Plan and incident to the case, have been disclosed to the Court and are reasonable, or if to be fixed by the Court, will be subject to the approval of the Court.

18. The identity, qualifications, and affiliations of persons who are to be directors or officers of the Debtors after Confirmation have been disclosed, and the appointment of such persons to such offices, or their continuance therein, is equitable and consistent with the interests of the creditors and security holders and with public policy.

19. Any insiders of the Debtor who will serve as officers or directors of the Debtors after confirmation have been disclosed, as set forth in the foregoing paragraph, together with the nature of any compensation of such insider.

20. Copies of the Plan and the Disclosure Statement were mailed to all creditors and security holders. Appropriate ballots were also mailed to the holders of claims and interests which are impaired under the Plan. Sufficient notice of the hearing on confirmation of the Plan, the FDI Motion, and the time for filing objections was given to all creditors, security holders, and parties in interest as required by Bankruptcy Rule 2002.

21. The Debtors have complied with the applicable provisions of the Bankruptcy Code.

22. No governmental regulatory commission has jurisdictions over the rates of the Debtors.

23. The "effective date of the plan" as that term is used in 11 U.S.C. § 1129 is the Closing Date, as that term is defined in the Plan.

24. Except for Claims of the kind specified in 11 U.S.C. § 507(a)(7) and except for any holders of Class 1 Claims who shall have agreed to a different treatment, Class 1 Claims shall be paid in full in cash in an amount equal to the allowed amount of such Claims on the Closing Date or as soon as practicable after the entry of an order allowing such Claim. As provided in the Plan, holders of Claims of the kind specified in 11 U.S.C. § 507(a)(7) shall receive (a) deferred cash payments in equal installments, with the first made on the Closing Date and the remainder made on each anniversary of Closing, with the last annual installment of each such Claim made not more than six

years after the date of assessment of each such Claim, and (b) cash payments of interest on each anniversary of Closing on the unpaid principal amount of each such Claim, with interest beginning to accrue on Closing at the rate equal to the rate of interest on the Closing Date in the secondary market on direct obligations of the United States Treasury having a maturity five years following the Closing Date.

25. As required by Section 1129(a)(12) of the Bankruptcy Code, the fees payable by the Debtors to the United States Trustee, as provided in 28 U.S.C. § 1930(a)(6), constitute administrative expenses entitled to priority under Section 507(a)(1) of the Bankruptcy Code, and shall be paid in full under the Plan, and the treatment of such fees in the Plan satisfies Section 1129(a)(12) of the Bankruptcy Code;

NOW, THEREFORE, it is hereby:

ORDERED that the findings of this Court set forth above and conclusions of law stated herein and in the Confirmation Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding by Bankruptcy Rule 9014. To the extent any finding of fact shall be determined to be a conclusion of law, it shall be so deemed, and vice versa; and it is further

ORDERED that the Confirmation Order is supplemented by this order nunc pro tunc to January 5, 1993; and it is further

ORDERED that the FDI Contract be, and the same hereby is, authorized, ratified, and approved; and it is further

ORDERED that MPI's purchase of the sulfuric acid-cogeneration facility on or prior to Closing, which purchase is provided for in the Plan and is described in the Confirmation Order, be, and the same hereby is, authorized, ratified, and approved; and it is further

ORDERED that upon Closing and except as may be provided in this order and in the Plan, and except for allowances of administrative expenses and compensation and reimbursement under 11 U.S.C. §§ 507(a)(1) and 330, the Debtors, their properties, and all payments made pursuant to the Plan be, and they hereby are, discharged from and free and clear of any and all debts, liens, claims, and encumbrances that arose before the date of the Confirmation Order, and any debts, liens, claims, and encumbrances of a kind specified in 11 U.S.C. § 502(g)-(i), whether or not (i) a proof of claim based on such debt is filed or deemed filed under 11 U.S.C. § 501; (ii) such claim is allowed under 11 U.S.C. § 502; or (iii) the holder of such claim has accepted the Plan; and it is further

ORDERED that, upon Closing, any judgment at any time obtained, to the extent that such judgment is a determination of the personal liability of the Debtors with respect to any discharged debt, whether or not discharge of such is waived, be, and it hereby is, void; and it is further

ORDERED that, upon Closing, the commencement or continuation of any action, the employment of process, or any act to collect, recover, or offset any discharged debt as a personal liability of the Debtors or from any property of the Debtors which was property of the Debtors immediately prior to Closing whether or not discharge of such debt is waived, be, and they hereby are, permanently stayed, restrained, and enjoined; and it is further

ORDERED that the Debtors are hereby authorized and empowered to take such actions and issue, execute, deliver, and accept such documents and instruments as may be reasonably necessary to effectuate the Plan, which are hereby authorized, ratified, and approved. Each of the documents, instruments, agreements, liens and security interests issued or granted pursuant to the Plan shall be valid, binding and enforceable; and it is further

ORDERED that Whitman & Ransom shall act as disbursing agents under the Plan with respect to the cash distributions to be made thereunder; and it is further

ORDERED that a sum of money sufficient to make the payments required to be made upon Closing to the holders of claims in Classes 1, 4, 5, and 7 shall be deposited on the Closing Date in separate, interest bearing escrow accounts for each class (the "Accounts"). The Accounts shall be held by Whitman & Ransom, as disbursing agent, and disbursed pursuant to the Plan without further order of the Court as necessary to make the payments required to be made upon Closing to the holders of claims in Classes 1, 4, 5, and 7.

Dated: Tampa, Florida FEB 11 1993
~~January , 1993~~

Alexander L. Paskay

Alexander L. Paskay
Chief United States Bankruptcy Judge

I CERTIFY THAT THIS ORDER WAS SERVED BY U.S. MAIL TO John Olson, ATTORNEY FOR [illegible] FOR SERVICE TO BE EFFECTED UPON THE PARTIES LISTED ON

2/11/93 (Date)

By Deputy Clerk N. McCloud